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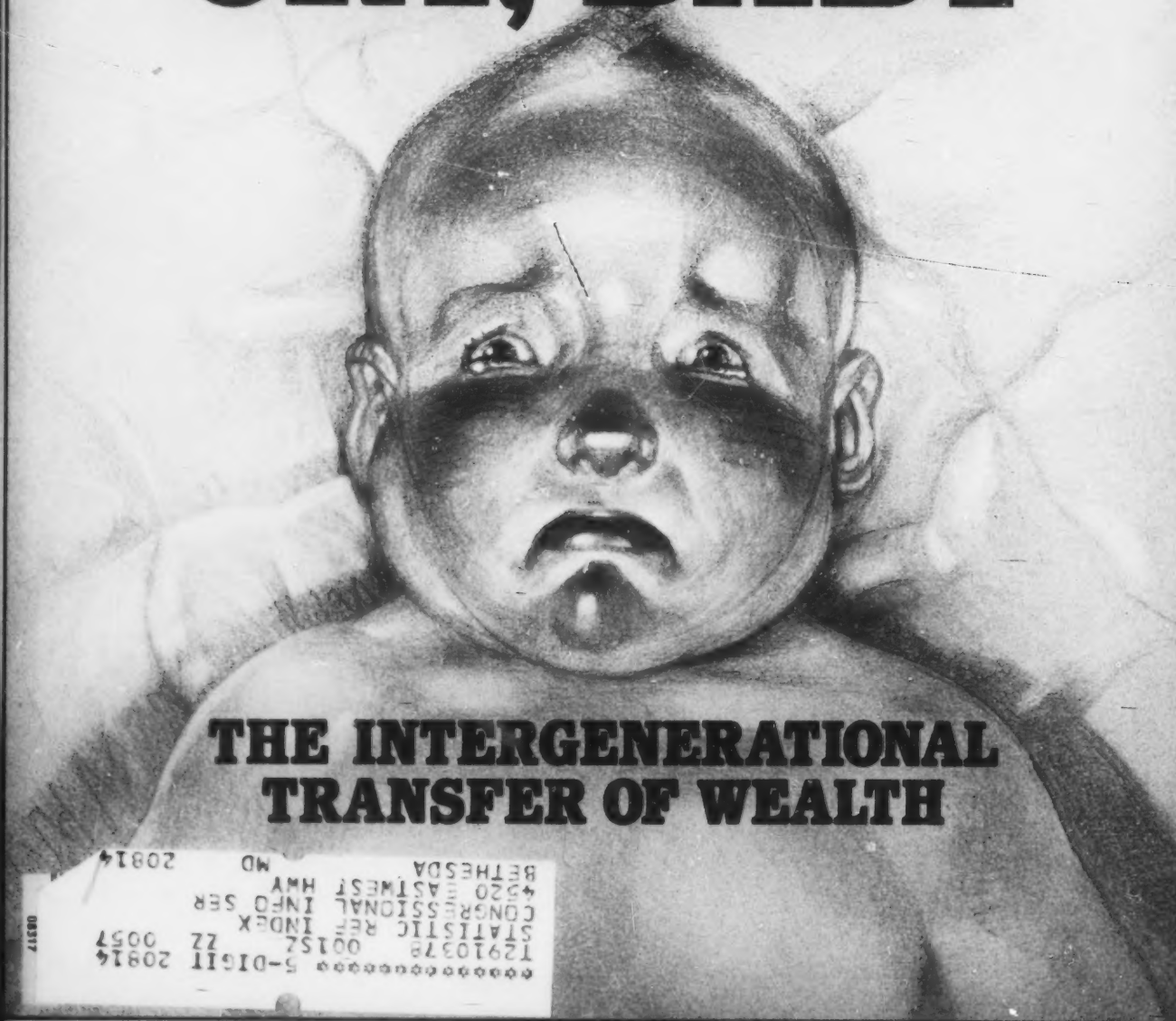

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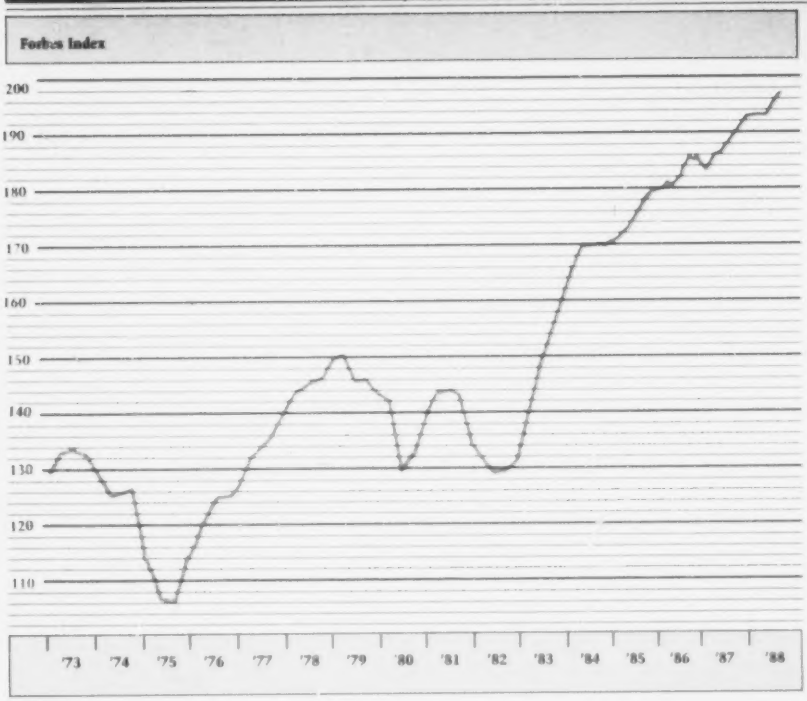
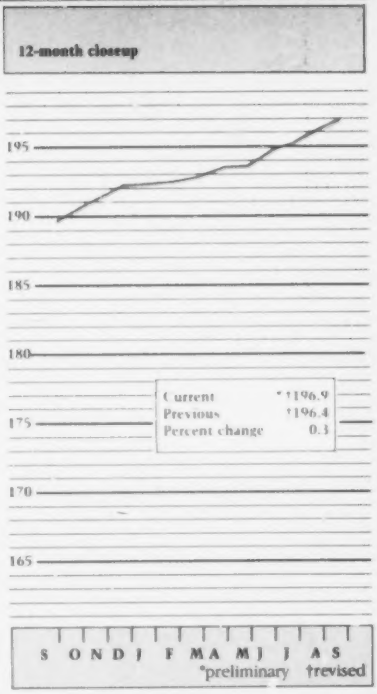
The Forbes Index





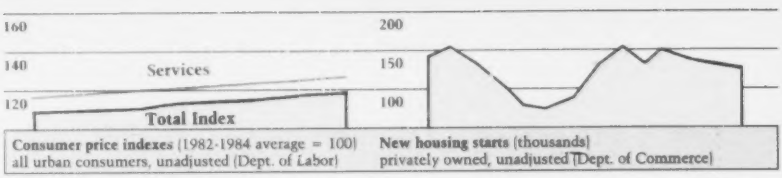
Under pressure. The overall economy rolls along but is a bit out of shape. While the seasonally adjusted Consumer Price Index was up only 0.3% in September, the nonadjusted index jumped 0.7%. Higher food and apparel costs were responsible for pushing up both figures. Meanwhile, the housing market continues on its sluggish course. The 131,000 new housing starts in September were 14.1% below the September 1987 number.

New unemployment claims dipped to 289,000 in September, their lowest point since October 1987—reflecting a continued decline in the overall unemployment rate, now at 5.4%.

The Forbes Index Components

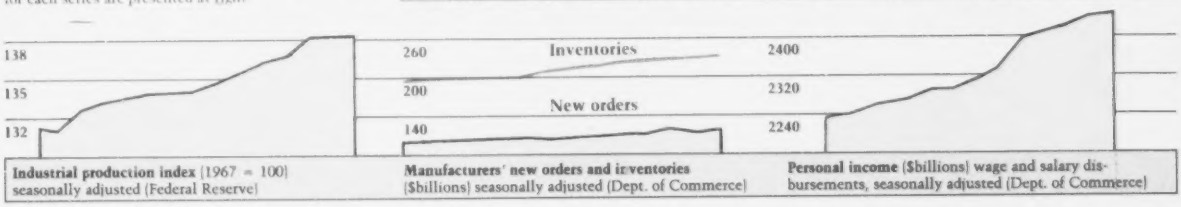
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, Forbes monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Consumer price indexes (1982-1984 average = 100) all urban consumers, unadjusted (Dept. of Labor)

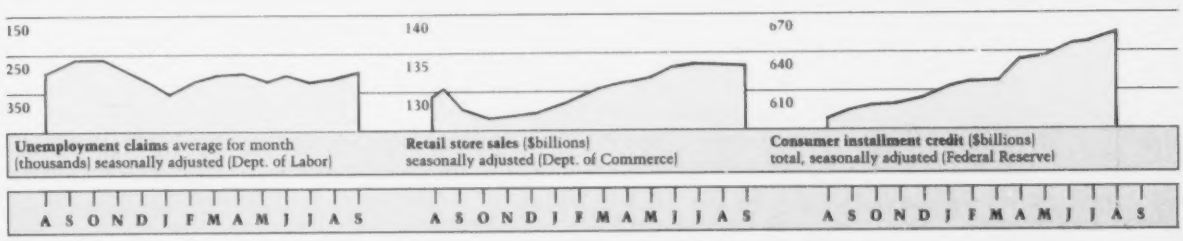
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)

Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)

Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)

Retail store sales ($billions) seasonally adjusted (Dept. of Commerce)

Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

was going to $100 a barrel.

The scene shifts, but the tendency to delusion remains. Corporate managers dream of becoming overnight millionaires by leading leveraged buyouts of their own companies. The news media, meanwhile, play their part: They fawn over people who have become overnight zillionaires in the takeover game. Ron Perelman. Don Kelly. Carl Icahn. It makes them into glamorous figures. Everybody wants to be like them.

Look at how the game is played. You buy a big diversified company with mostly borrowed money. Then you start selling off pieces to the point where you have gotten most of the purchase price back but you still own a big chunk of the business. Perelman did it with Revlon, Icahn with ACF.

Isn't making two plus two equal six crazy arithmetic? Yes, but it works—as long as buyers can peddle some newly acquired assets at even higher prices than they paid for them. In other words, you need a greater fool to keep the game of musical chairs going. Yes, we paid a stiff price, but we can sell parts for even stiffer prices.

But for how long? As one arbitrager with a sense of history puts it: "People have to eat during a recession, but they don't have to pay up for assets." Meanwhile, he's cashing in, and laughing all the way to the bank. ■

Under the current rules, TV networks lose every time they have a winning program—and the syndicators walk off with the loot.

Bill Cosby versus Bill Cosby

By Richard Behar

TELEVISION SITCOMS thrive on irony, and what could be more ironic than NBC's new relationship with *The Cosby Show*? Developed largely with NBC's risk capital, *Cosby* became one of the most successful sitcom series in TV history, helping lift NBC to the number one slot among networks in both ratings and profits. But last month *The Cosby Show* entered syndication on rival independent stations around the country, putting NBC in the unhappy position of being fought and sometimes beaten with its own product.

The *Cosby* reruns are now cutting into audience shares of competing TV stations everywhere, sometimes including NBC affiliates. Syndicated *Cosby* reruns now air on independent stations at 7:00 p.m. in both New York and Washington, directly opposite the time slot in those cities for the *NBC Nightly News*, which has suffered an average 20% Nielsen ratings drop in the New York and Washington markets, in good part as a result of this competition.

Original prime-time episodes of *The Cosby Show* also continue to air network-wide on NBC one hour later on Thursdays. NBC fears that those ratings will continue to droop as more and more *Cosby* addicts get their nightly fix, five times a week, on syndicated reruns. "How is it that a show on which we risked millions to develop, promote and nurture can now turn around and sting us?" asks John Agoglia, a top NBC executive.

That question is at the heart of secret talks that began last month at NBC's New York headquarters among the three networks and several of Hollywood's leading studios. At issue is whether the networks will be permitted to share in the profits of the syndication business. Syndicating network reruns to independent TV stations, cable outlets and foreign markets was once viewed as the low-rent end of the TV business. But in recent years it has evolved into a wildly lucrative yet destabilizing force in network programming.

Why can't the networks produce their own shows and withhold them from the competition? Federal regulations. Regulations enacted by the Federal Communications Commission in 1970 bar ABC, NBC and CBS from sharing in the syndication proceeds of the programs they broadcast. A 1980 ten-year consent decree with the U.S. Justice Department further restricted network power by severely limiting the amount of programming the networks could actually own and produce, let alone syndicate.

Syndie success stories

These current prime-time shows have also begun airing as syndicated reruns within the last two years. With the revenues streaming in, now the networks want a cut of the action.

Program	Network	Syndicator	Debut: network	Debut: syndication	Estimated value (per syndicated episode)
Miami Vice*	NBC	MCA-TV	1981	1988	$300,000
Family Ties	NBC	Paramount	1982	1987	1.6 mil
Cheers	NBC	Paramount	1982	1987	1.6 mil
Newhart	CBS	MTM Productions	1982	1987	1.0 mil
Simon & Simon	CBS	MCA-TV	1982	1987	800,000
The Cosby Show	NBC	Viacom Enterprises	1984	1988	5.0 mil
Night Court	NBC	Warner Brothers	1984	1988	2 mil
Murder, She Wrote*	CBS	MCA-TV	1984	1988	3[illegible]00

*On cable (USA Network).

Those federal rules were intended to prevent the then powerful networks from gaining virtual monopoly control over the entertainment their stations carried. The reasoning echoed a 1949 U.S. Supreme Court ruling that barred Hollywood studios from owning the theater chains that showed their films.

However real the threat may have been a couple of decades ago, since then the economics of the television industry have changed radically, and the networks have lost a great deal of their financial clout. Their share of the total television viewing audience has dropped from 90% in 1977 to 68% currently, as viewers have switched increasingly to cable TV, videocassettes and independent broadcast stations, which themselves have more than tripled in number in the last ten years. In the process, independent syndicators such as Viacom (FORBES, *Oct. 31*) and the syndication departments of the Hollywood studios have rapidly grown into a $3-billion-a-year business.

Of the three networks, NBC has been hit the hardest, largely because it has been so successful recently in developing popular shows. The hit game show *Wheel of Fortune* is doing far better in syndication in the evening than in its morning network time slot. In addition, NBC currently airs five of eight network series, earlier episodes of which have entered syndication to rival stations and cable systems just within the last two years *(see table, previous page)*.

The syndicators who package and market these deals have clearly emerged as TV's new power brokers. "Only 15 years ago a syndicator was a shabbily dressed guy who dropped off a typed list of available programs," recalls Steven Bell, the general manager of station KTLA in Los Angeles. "Today they're slick, well researched, and they bombard you with hype and excitement."

Behind the power of the syndicators are some compelling economics. Back in the early 1970s, network hits rarely went into syndication before their network runs had ended. Some, like *Bonanza*, ran as long as ten years in network prime time before being recycled to independent stations as syndicated reruns.

But the cost of producing prime-time programming has doubled since 1980 to over $1 million per hour. Of this only about 75% is covered by network licensing fees. This has forced the producers of the shows to offer them into syndication earlier and earlier to recoup their out-of-pocket costs. These days shows begin airing in syndication within four years of starting in prime time, and sometimes the syndie deals are cut a lot sooner than that. The ABC hit *Growing Pains* was sold into syndication by Warner Brothers after its first season on the air—something that would have been unthinkable in the old days.

Today's syndie deals may help to bail out the producers, but they leave the networks facing competition that they financed and promoted themselves.

So the networks want the studios, independent producers and program syndicators to let them in on a share of the revenues from syndication. That is what the talks now under way are all about, and the networks may in fact get what they want. Why? For one thing, the FCC, under its activist chairman, Dennis Patrick, has made it clear that if both sides compromise on the syndication question, the commission will rewrite its rules accordingly. Moreover, in 1990 the ten-year consent decree with the Justice Department will expire, giving the networks the right to produce and own *all* their prime time.

The studios know well enough that right now the networks lack both the resources and expertise to produce large volumes of their own programming. But the last thing Hollywood wants is for the networks to start trying to compete anyway. The best way to forestall that possibility, it would seem, is for the syndicators to invite the networks back to the party. ■

For most people those tiny black fish eggs are a symbol of wealth and ostentation. For the Petrossian family caviar is the backbone of a $50 million business.

King caviar

By Phyllis Berman with Dana Wechsler

ALONG WITH CHAMPAGNE, caviar is one of the great symbols of luxury and ostentation. No wonder: At around $17 to $38 an ounce at retail, Caspian Sea sturgeon's eggs are perhaps the most expensive food you can buy. Strange: The sturgeon itself is a hideously ugly fish and a scavenger to boot. But because caviar is coveted, it is the stuff of high politics and lowly intrigue.

Late in 1987, the U.S. banned all imports from Iran, including caviar, and both this year and last the Russian catch of sturgeon from the Caspian Sea has been disappointing. There simply hasn't been enough caviar available. The result has been a mad scramble among dealers.

For all its fame and glitter, caviar isn't big money: Americans ate just 103,000 pounds of top-of-the-line imported caviar worth around $20 million last year. They ate another 2 million or so pounds of $2-and-up-per-ounce imported and domestic fish eggs worth an estimated $30 million.

What with the Iranian embargo and poor fishing in the Caspian Sea, the most prized caviar, beluga, became almost unobtainable last year, and prices of the somewhat cheaper osetra and sevruga caviar rose by nearly 30%. To get the stuff, importers began breaking the law. One was caught smuggling in 3,400 pounds—worth $1 million—of Iranian roe disguised as legal Soviet product. The confiscated caviar is being kept on ice as evidence. It will spoil, of course, long before the case is settled, and will never reach the market.

Even under ideal conditions, caviar would be rare. The female beluga, who produces the highest-priced eggs, doesn't breed until she gets to be 20 years old. While waiting to come of

When a company guts itself in order to ward off raiders, it sometimes creates bargains for risk-taking investors.

Steals in stubs

By Matthew Schifrin

THE KROGER CO., the big Cincinnati grocer, is one of 50 or so companies in the last three years to have undergone what are commonly called leveraged recapitalizations. A leveraged recapitalization is a way to beat off a raider by doing internally many things that a raider would have imposed externally. But it stops short of having the company go private. It thwarts the raider by paying out to stockholders a company's capital and replacing it with borrowed money.

In its leveraged recapitalization, Kroger distributed for each share of its common stock $40 in cash and a $17 face value 20-year 15½% debenture that begins to pay cash interest after 5 years. The nearly 81 million common shares remain outstanding but are now burdened with large amounts of debt. In the parlance of Wall Street, such common stock is called a "stub." To give management an incentive to make the now highly leveraged company work, its members usually get a piece of the action. In Kroger's case, the 6% of the stock employees already own will increase to 25%, after insiders use the distribution of cash and debentures to purchase shares.

Kroger "stubs," traded on the New York Stock Exchange on a when-issued basis, were recently quoted at 9⅜.

According to Richard Haydon, executive vice president of New York's McKinley Allsopp, a firm that specializes in evaluating leveraged recapitalizations, Kroger's stub may turn out to be a hot performer.

"Most investors don't feel comfortable with the enormous debt and the complicated accounting in these companies," he says. "But as long as there is modest revenue growth and good cash flow, stocks like these should return 30% or so a year."

What other stocks have recently become stubs?

Memphis-based hotel and casino operator Holiday Corp. In early 1987 Holiday repelled a takeover attempt by Donald Trump by instituting a $2.6 billion recapitalization. Trump's threat moved the stock from around 60 to over 80 a share just before the recapitalization. The recap knocked the shares down to a stub value of about 11. But thanks to improved operations, asset sales and debt reduction of about $600 million since then, the Holiday stubs now trade near 27, a gain of 144% in just over 18 months.

The reason recap shares like Holiday's tend to perform so dramatically is leverage. "There is an inverse relationship between debt reduction and stock price appreciation," says Haydon. That is, every dollar of debt that is paid down automatically becomes a dollar of equity. The risk, of course, is that a significant rise in interest rates could slow business growth sufficiently to crimp a company's ability to cover its debt.

Nashville, Tenn.-based restaurant operator Shoney's voluntarily recapitalized its debt-free balance sheet last July. Funds from $733 million in new debt allowed the company to pay stockholders a $16 cash dividend and a debenture worth $4, creating a stub that began trading at around 5. Though Shoney's earnings should fall this year, its stub is up to 8 because its cash flow from operations has remained strong.

That's why McKinley Allsopp likes Kroger. The grocer will probably report a $100 million loss in 1988—which is part of the reason the stock is cheap—but will still have a healthy cash flow nonetheless.

USG Corp., which was recapitalized in July, should have $1.78 of cash flow for every dollar of interest expense (an almost two-to-one coverage ratio). Even though its stub is currently trading at 6⅞, little changed from July, USG may represent a greater risk than the others because its growth prospects depend largely on the housing market, the health of which is intimately tied to interest rate movements.

The table lists seven leveraged recapitalizations that have created stubs. Note that 1989 projected "cash" interest coverage figures are used. As with leveraged buyouts, these stocks are best valued in terms of their ability to cover interest obligations, rather than by their ability to produce profits. The figures on the table do not include noncash obligations such as interest expenses accruing to zero coupon debt, because such expenses are not current drains on cash; the hope is that by the time they start accruing interest or come due, debt will have been paid down sufficiently to free money to service the zeros.

Clearly, there are a lot more "ifs" in stubs than there are in most ordinary stocks. When buying stubs, individual investors would be well advised to diversify. ■

Public LBOs

The companies listed have been recapitalized and are trading as "stub" stocks. Each has enough cash flow to cover interest expenses and most have been paying down debt.

Company	Recent stub price	1987 revs (mil)	Cash flow per dollar of interest expense*
Caesars World	25¾	$780	$3.00
FMC Corp	34¼	3,100	2.50
Holiday Corp	26⅞	1,700	1.35
Kroger Co†	9⅜	17,700	1.38
Owens-Corning Fiberglas	23⅛	2,900	3.20
Shoney's Inc	8	690	1.60
USG Corp	6⅞	2,900	1.78

*1989 estimates, McKinley Allsopp, Inc. †Trading on a when-issued basis.

Many young people complain that they can't live as well as their parents did. They may well be right. We are witnessing nothing less than a massive transfer of income and wealth from the younger generations to the older.

Consuming our children?

By Subrata N. Chakravarty with Katherine Weisman

MANY OF TODAY'S young people have an uneasy feeling that they are less well off than their parents. For the most part, they are right.

Take the case of a young man who leaves home at the age of 19, carrying a mental image of the way his father lives. If he'd left in 1962, he would have been earning 15% more in constant dollars by the time he was 30 in 1973 than his father was earning when the young man left home, says University of Maryland economist Frank Levy. A similar young man leaving home in 1973, Levy says, would have been earning 25% *less* 11 years later. The young man in 1962 thought he could do better than the old man, and he did. The young man leaving home in 1973 found he couldn't.

Moreover, he now carries a large additional burden. Never has higher education been more important as a means to a better job, yet never has it cost more. In 1968 tuition at Harvard cost $6,790 a year in current dollars; this year, $12,310, up 81%. Now kids often emerge from college already buried under debt. Sandra Kidd, 30, pays 25% of her aftertax income servicing her $30,000 debt. And that's just for her M.B.A. Her parents paid for her undergraduate education.

For the first time in American history, home ownership rates are dropping among the young. A report by Harvard's Joint Center for Housing Studies shows that in 1973 23.4% of those under 25 owned homes. Now 16.1% do, a drop of 30%. For those 25 to 29, 43.6% owned homes in 1973 versus 35.9% in 1987, a drop of 18%. Among those 65 to 74, however, the ownership rate grew almost 10%.

This is still a country where a poor kid can rise in the world. That part of the American dream is intact. But the other part—that every generation should live better than the preceding generation—is in serious trouble. It is getting harder for the average person to beat his or her parents' standard of living. What is not widely recognized is that this loss of upward mobility is the consequence of an enormous intergenerational transfer of wealth and income that is still going on.

"The American dream is for every generation to improve over the prior generation," says Frank Cassell, professor emeritus of Industrial Policy at Northwestern's Kellogg School. "The dream is becoming a little remote now. This is the first generation I can identify that's likely not to do as well as the previous one." Simply put, in economic terms we are consuming our children.

Yet during the presidential campaign neither major candidate was willing to address the real cause of the problem: The old are getting richer at the expense of the young.

Let's state something clearly at the outset: There are elderly people who are poor. There are elderly people made destitute by ill health. There are elderly people who are hungry. There are elderly people who are homeless. Better ways should be found to help them. But this cannot be done by continuing to transfer wealth from the younger to the older generation.

The simple fact is that the vast majority of those over 65 are quite well off. In 1959, according to the Bureau of the Census, over 35% of those over 65 had incomes below the federally

Greg Couch

defined poverty line, compared with 22.4% for the population as a whole and 26.9% for children under 18 *(see chart, p. 230)*.

By 1987 the situation had reversed for the elderly: Only 12.2% of those over 65 had incomes below the poverty line. The national rate was 13.5%. Meanwhile, the poverty rate for children was 20%. These comparisons measure only cash incomes. Add in noncash supplements like Medicare, food stamps, housing subsidies, and the number of elderly poor falls to about 5%. "Poverty among the elderly, as measured by the poverty index and adjusted for nonmoney income, has virtually disappeared," says James Schulz, professor of economics at Brandeis University.

Taken in isolation, that's wonderful news: It means that our society is taking good care of its elderly. The problem is that it is doing so not only at the expense of the younger working generation but at the potential expense of today's babies as well.

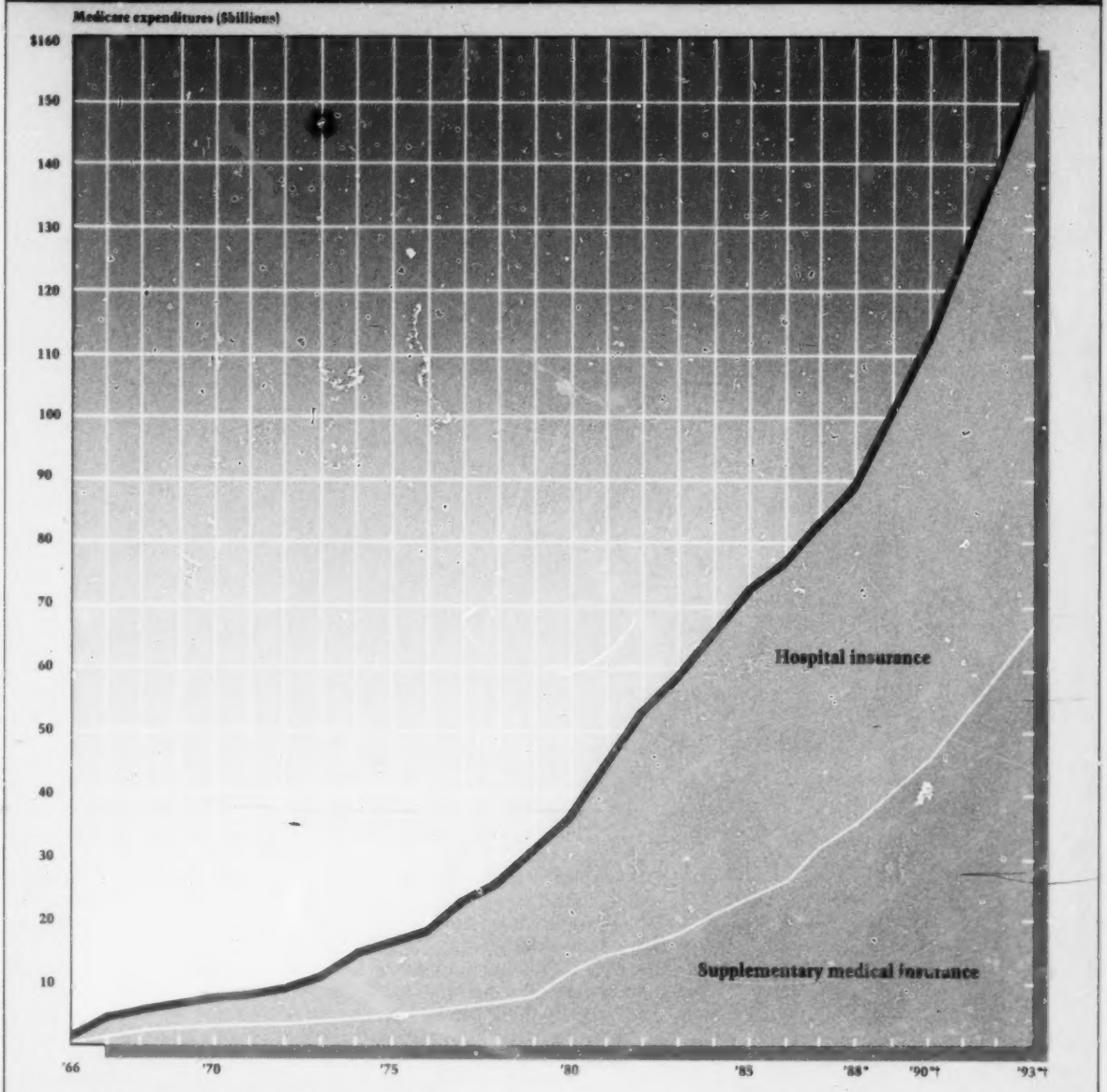
The U.S. spends 27% of the federal budget on the 12% of the population over 65 *(see chart, p. 225)*. So effective has the old people's lobbying effort been that a national survey by the Daniel Yankelovich Group for the American Association of Retired Persons showed conclusively that the young feel the elderly are worse off than the elderly themselves do.

Income is only one measure of how dramatically the old have improved their lot compared with the young. Look at wealth and the contrast becomes even starker. In 1954 an article by MIT's Nobel laureate economist Franco Modigliani and his late student Richard Brumberg enunciated what they called the "life cycle" theory of wealth accumulation. By this theory, the young save during their working years and accumulate wealth. Then, when they reach retirement age, they start to draw down the wealth to finance consumption.

That's the way it should work, but that isn't the way it has been working.

Economists Daphne Greenwood of the University of Colorado and Edward Wolff of New York University examined average household wealth by demographic group in 1962, 1973 and 1983 (the most recent data re-

The sickening rise of Medicare payments



* Estimates. † Does not reflect coverage for catastrophic illness.

Source: Health Care Financing Administration

Medicare expenditures have climbed almost beyond belief. Hospital insurance payments have climbed more than fiftyfold. And payments for supplementary medical insurance—covering such costs as physicians and outpatient services—grew three times faster than that.

leased]. The numbers show that for the 1962 to 1973 period, the Modigliani theory held up pretty well: Older people were consuming the wealth they had built up in their working days. Thus people between 65 and 79 saw their wealth decline while those between 18 and 54 saw it rise.

Between 1973 and 1983, however, the pattern reversed itself. Instead of declining, the wealth of the 65-to-69 age group, for example, increased, in constant 1985 dollars, from $169,366 to $321,562. The wealth of those from 25 to 34 dropped from $59,624 to $49,046. Another study, by Susan Wachter of the Wharton School, with age as the only variable, showed the same results *(see chart, p. 228)*.

Since 1983, says Wolff, the disparity can only have grown wider. Equities and real estate belong to the old out of proportion to their numbers, and both have risen greatly in price since 1983. The stock market—even after Oct. 19, 1987—is still up 73% since then. Meanwhile, payroll taxes have risen rapidly, reducing the after-

tax income of those still working.

What caused this massive redistribution of wealth? Certainly the growing political strength of the elderly helped. Witness the frightened unwillingness of politicians to suggest tampering with Social Security. But the economy, too, played a role.

In this sense, the underlying reason for the increase in wealth held by the elderly was the strong economy between 1947 and 1973. "Your wealth basically reflects the economic history of your times," explains Wolff. "If your active economic life occurred during a period of prosperity, then you will be well off."

The 1950s were the years when many of today's recently retired began their careers. Those were great years for the U.S. economy. "We had the world by the tail and we helped to rebuild it," says C. Howard Hardesty, former president of Purolator Courier. In his superbly balanced book *Dollars and Dreams*, Maryland's Frank Levy notes that productivity per worker grew 3.3% a year between 1947 and 1965, a 50% higher rate than in the first half of the century.

Those were the years when the country's standard of living went through the roof. The number of owner-occupied homes in the U.S. almost doubled, from 17 million to 33 million, says Levy. Median family income in 1984 dollars doubled from $14,100 in 1947 to $28,200 in 1973.

Since 1973, however, productivity growth dropped below 1% a year and has revived only slightly in recent years. Real median family incomes matched the 1973 number for the first time only last year. Per capita income has grown 20%, fueled not by increases in productivity but by the entrance into the labor force of tens of millions of women. Thus the economy grew in real terms, but real wages and family incomes did not.

It was during this period that the great transfer of wealth from the young to the old accelerated. It did so primarily in two ways: Social Security payments and real estate prices.

Social Security payments were swollen as the proportion of older people eligible for benefits increased. In the late 1940s, 13 workers supported each Social Security recipient. Today there are only 3.4, and by early next century there will be around 2 workers to support each beneficiary. In 1972 the benefits were indexed against inflation, Social Security taxes had to rise, and they're paid not by the retired but by those still working.

Because Social Security was labeled an entitlement, with people paying into the fund and drawing from it after retirement, retirees came to believe it was just their own money they were getting back. Not so: Today's retirees, says Phillip Longman, the 32-year-old author of *Born to Pay*, will collect between 2.5 and 4 times as much as they contributed, after adjusting for the interest they would have earned had they invested it themselves. He cites a Congressional Research Service study showing that a typical 1986 retiree who had paid the maximum tax required during his working life would recover his contributions in just 21 months—by October 1988, he'd have got his money back but would then go on taking for as long as he lived. By contrast, today's 25-year-old will be lucky to get back 98 cents per $1 paid in.

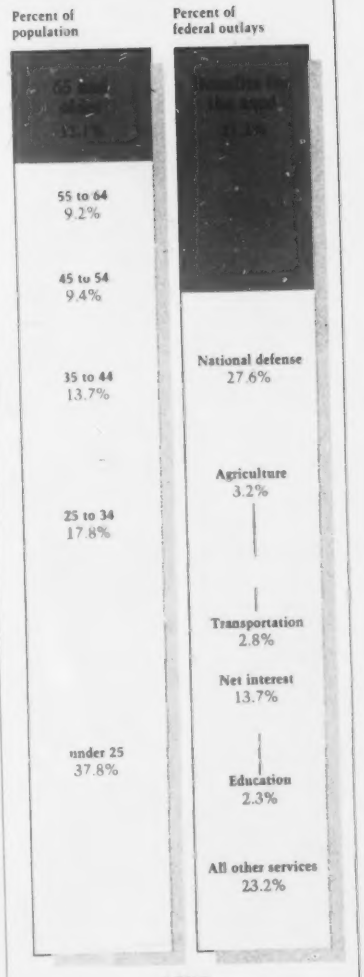
What makes matters worse is that, by any reasonable measure, a remarkable number of Social Security recipients do not need the supplement. According to David Koitz, social policy specialist at the Congressional Research Service, 4.4 million, or 18%, of the 24 million households receiving benefits in 1986 had other retirement income of $25,000 or more. That sum was almost 16% higher than the median income of all full-time workers. Almost 1.2 million had other retirement income over $50,000 in 1986.

Increased Social Security benefits were based on the premise that wage growth would continue indefinitely. A 1967 article in *Newsweek* by another MIT Nobel laureate, Paul Samuelson, concluded approvingly: "A growing nation is the greatest Ponzi game ever contrived." What Samuelson evidently forgot was that all Ponzi schemes eventually collapse, leaving the last investors holding the bag.

To pay for the generosity to the elderly, Social Security taxes have risen astronomically. In 1958 the maximum tax was under $95. This year it will be almost $3,380. Employers must kick in an equal amount, which is, of course, passed on either in higher prices or in reduced profitability.

The taxes have gone up faster since 1983, when Congress decided to increase the reserves of the Social Security trust fund in order to prepare for the day when the baby boomers begin to retire. Now, instead of each year's taxes going to pay mainly that year's benefits, as before, surpluses are piling up. Senator Daniel Moynihan (D–N.Y.) recently boasted that the fund now generates a surplus of over $109 million a day, or $40 billion in 1988 (reducing the budget deficit by a like amount, since the two accounts are pooled for reporting purposes). By

Is this fair?



Sources: U.S. Bureau of the Census; Office of Management & Budget; The Budget of the U.S. Government, Annual; unpublished data and estimates

People over 65 comprise 12% of the population but receive 27% of all federal spending. Exclude national defense, interest on the national debt and spending abroad, and the elderly get some 48% of federal domestic spending.

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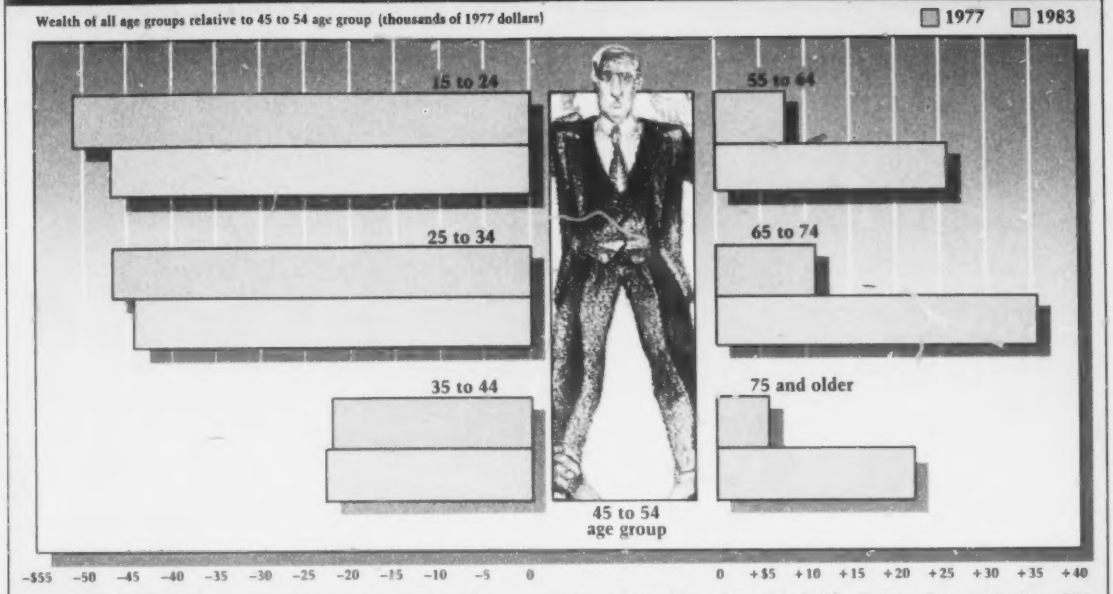
The old are getting richer



Source: "The Distribution of Wealth Among Families: Increasing Inequality?"—*Susan Wachter, Univ. of Pennsylvania. John Weicher, American Enterprise Institute. 12/86*

Take someone between the ages of 45 and 54, the peak period of earning power. Eliminate all other factors, like education, occupation, race and family status, leaving age as the only variable. Now ask, how does the wealth of the young and the old compare with those in the 45-to-54 age group? Not surprisingly, the young are a lot poorer, but between 1977 and 1983, on average, they gained a little ground. The old, in contrast, increased their wealth dramatically. Not only did the old get richer, but the relative gap between the young and the old widened significantly.

the year 2010, the fund is supposed to have a surplus of $4.5 trillion.

Supposed to have. Who can believe that politicians will keep their hands off such a honeypot? Already Senator William Armstrong (R–Colo.) has introduced a bill to pay benefits to everyone over 65, whether or not they have retired. The cost, he says, is "only a fraction of the projected trust-fund surpluses." Columnist Jane Bryant Quinn commented: "Remember that phrase; it will become a refrain."

The refrain will strike a sour note with younger workers. "Those taxes are literally pushing young people into poverty," says author Longman. "Even someone coming from a liberal perspective begins to wonder how this crown jewel of the welfare state is really serving liberal ends when, at least much of the time, it's making poor young people poorer and rich old people richer."

Part of the increased burden of Social Security payments has gone to finance Medicare. Created by Congress in 1965 to insure the elderly against the often crippling cost of health care, the program was expected to cost $8.8 billion in 1990. Even adjusting for inflation, the estimate was appallingly wide of the mark. Medicare expenditures this year will be around $89 billion. By 1990 they are now projected to be over $111 billion *(see chart, p. 224)*.

Both Social Security and Medicare have helped the elderly to keep their wealth intact by easing the drain on their assets. "These programs are, first and foremost, asset protection programs," says Longman. "The very things that the elderly in the past saved for now get absorbed by Social Security and Medicare."

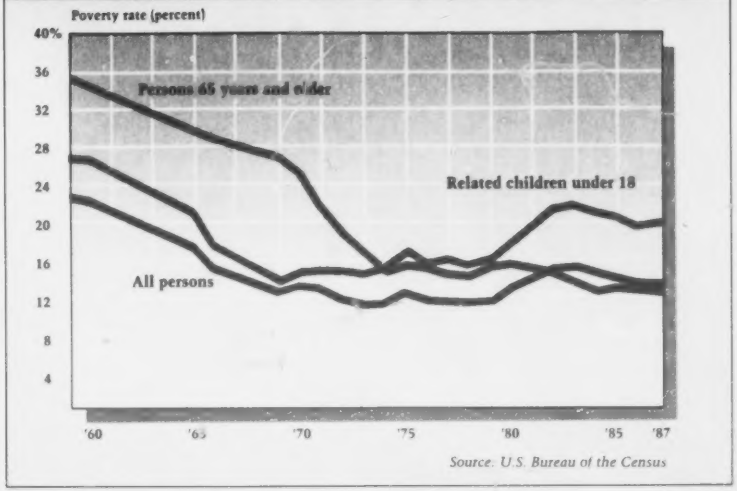
Thus have rising payroll taxes directly transferred wealth and income from the young to the old. Indirectly, rising real estate prices have done the same. Prices erupted in the 1970s because of inflation, baby boomer demand and speculative frenzy. Today the median home costs $120,000, according to the National Association of Home Builders, versus $18,000 in 1963. Even adjusted for inflation, the median home's price has increased 72%. The down payment alone has become an insurmountable barrier to many of the young.

In the mid-1950s, Maryland's Levy says, a 30-year-old man could carry the payments on the median-priced house, including taxes and insurance, on 14% of his median gross income, even if his wife did not work. Today it would take 41%. Granted, the median house is a better one than the median house of 30 years ago, but not three times better. In fact, keeping the quality of a typical first home constant, Harvard's William Apgar Jr. found that carrying costs took a 46% larger share of income between 1967 and 1987 *(see chart, p. 232)*.

Who benefits from the rising cost of real estate? The sellers, who typically bought those houses years and even decades ago at a fraction of their current value. The burden new home buyers bear puts money directly into the pockets of the sellers.

Besides rising payroll taxes and higher housing costs, there is a third factor in the transfer of wealth to the

The new arithmetic of poverty



Source: U.S. Bureau of the Census

In 1959, 35.2% of people over 65 lived below the poverty line, compared with 26.9% of children under 18. By 1987 the situation had changed.

elderly. In 1960 medical care consumed just 5% of the gross national product; today it consumes 12%. And older people are the biggest consumers of medical care. In 1984, the Health Care Finance Administration estimates, private expenditures on health care totaled almost $350 billion. Of that, the 11.7% of the U.S. population that was over 65 consumed almost 34%. Since 1984, the proportion has increased even further.

Put another way, the old consume four times as much in health care services as do those below the age of 65. But health insurance rates are actuarially based. The costs are spread over the whole population. "A few years ago I didn't have a family doctor," says a still-working executive who is 67. "Now I have four or five. From my costing the company insurance carrier almost nothing, I am now costing it thousands of dollars every year." Even when employers pay for insurance, as many do, employees pay through smaller wage increases—or the public through higher prices.

That the standard of living in the country hasn't actually fallen, given the vast increase in retired people, is due largely to the increased numbers of two-wage-earner families. In 1949, 18% of wives worked. In 1987, 56% did. The net effect has been to put mother to work to support grandpa and grandma. That allowed the family to continue living well in spite of the big increase in payroll taxes and housing costs. Couples marry later and have fewer children, and that allows them to keep per capita income rising. In the 1950s and 1960s the typical family had one earner and three children. The baby boom families have two earners and fewer than two children. But that will eventually hurt their children, because the boomers will retire when their children are younger and have less income.

None of this is to argue against the need for Social Security. Brandeis University's James Schulz points out that many of the elderly are being kept just above the poverty line by Social Security. While 44% of the elderly have financial assets greater than $50,000, he says, 25% have assets of less than $3,000. And many of the elderly live in fear of a long-term illness that could wipe out their assets. The recently passed catastrophic health insurance act will go a long way toward solving that problem, but it does not cover noncritical care.

The problem clearly lies in the whole concept of entitlement, which says everyone is entitled to the same benefits from Social Security whether he needs it or not. This is a luxury the nation can no longer afford.

To a degree, entitlements are transferring money from the needy young to the comfortable old. There are an enormous number of children living in poverty. Yet University of Pennsylvania demographer Samuel H. Preston calculated that, in 1983, the federal government spent ten times as much per capita on the elderly as on children. That proportion, he says, is larger today. "The United States has become the first society in history in which the poorest group in the population are the children, not the aged," Senator Moynihan has observed. "A person 6 years or younger has seven

Thanks, but no thanks

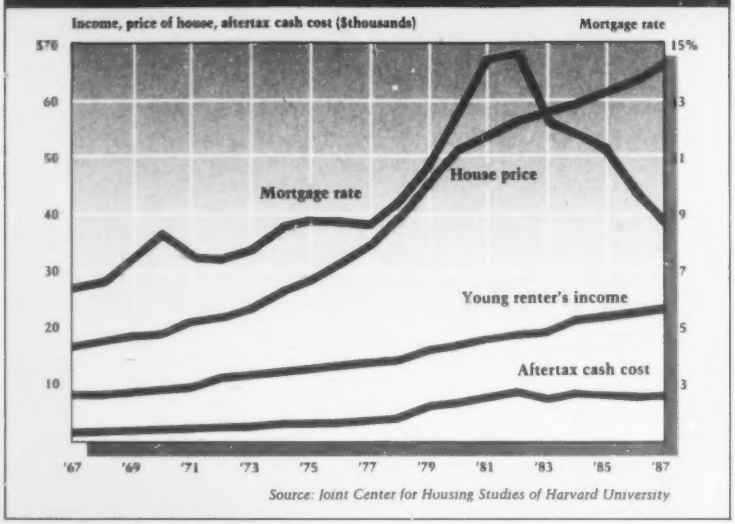
One senior citizen who is frankly appalled by the income transfers from the young to the old is Cal Nordstrom, 69, a retired employee of Union Pacific. Nordstrom was a petroleum engineer for Union Pacific from 1948 to 1971, then switched to a Union Pacific subsidiary until 1974. Since then he's been in business for himself. As a result, he is entitled to both Social Security and a federal Railroad Retirement pension. Accordingly, Nordstrom and his wife could now be pulling down $1,275 per month. When he worked out how much he would be getting, he refused both pensions.

By Nordstrom's figures, he and his wife had contributed a total of $32,113 into both funds, including the employers' matching contribution. They would have recovered it within two years and five months.

The Nordstroms did still more arithmetic. They reckon they paid $155,281 in federal income taxes from 1948 through 1984. Indexing the benefits at 3%, they would have got all of it back in less than 12 years—about 5 years short of their life expectancy. "That means we literally would never have supported the government, and that's wrong," Nordstrom says. "What we're trying to do is point out that the Social Security and Railroad Retirement funds are too generous to our generation at the expense of the next generation." He says he and his wife have paid for their house and live comfortably on their other income of at least $30,000. "We're not denying ourselves anything."

How have his former colleagues reacted? "They think we're stupid," says Nordstrom. "Maybe we are. But we're simply trying to make a statement."—S.N.C.

Heavier loads for young shoulders



Source: Joint Center for Housing Studies of Harvard University

Every home buyer has been affected by the huge increase in home prices, but first-time buyers have been hurt worst of all. In 1967 it would have taken $3,300 to make a 20% down payment and 22% of the median young home buyer's income to carry the aftertax cash cost of the mortgage, taxes, insurance, utilities and maintenance (adjusted for tax deductions). By 1987, despite the recent decline in mortgage rates, it cost over 32% of income to carry the same house—an increase of 46%. Worse, the down payment had climbed to $13,400, an amount out of reach of an increasing number of young families.

times a greater likelihood of being poor than a person 65 or older."

Yet we are all dependent on the ability of our children to increase their productivity and get the economy growing faster. "The next generation of elderly depends on how well today's kids do," says Longman, who is a former research director of Americans for Generational Equity. "It's a cruel thing to say, but the money spent on the elderly is basically a debt come due. It may be a very important debt, it may be a debt we should never break, but nonetheless it is a debt. Whereas the money you spend on children is an investment, and one that ultimately rebounds to the benefit of the elderly."

Are there ways to alleviate the problem? There are, but every politician who has tried to do so—from Barry Goldwater to David Stockman—has been shouted down.

The trouble is that most proposals for slowing the transfer of wealth to the elderly involve taking money away from the highly articulate and politically aware middle class. Representative Timothy Penny (D–Minn.) talks of leveling the cost of living adjustments in Social Security to a specific dollar amount. If a 4% COLA or an average of $20 per month is called for, he would give $20 to all recipients, so those with lower monthly payments get proportionately more.

Here are some progressively more radical reforms:

- Eliminate the COLA altogether and return to the pre-1972 basis. We recently were treated to the sight of both presidential candidates scurrying away from any such idea.
- Congress has already increased the age for the payment of the first full benefit to 67. Penny, 36, proposes raising it to 70 for his generation.
- Reset the actuarial tables so each recipient gets an interest-adjusted $1 for every $1 paid in, and no more.
- Stop paying those whose other retirement income exceeds the median worker's. That would have saved $25 billion in 1986 alone!
- Return the system to its original social purpose—as a safety net. In other words, stop thinking of it as an entitlement and return to thinking of it as insurance against poverty and catastrophic ill health. We pay fire insurance on our homes each year and don't feel robbed if there is no fire.

John H. Makin, director of fiscal policy studies at the American Enterprise Institute, argued in a recent article for a negative income tax that would send a government check to lift each individual out of poverty. He estimated that it would take just 20% of Social Security retirement outlays—$187 billion last year—to lift everyone over 65 out of poverty, including those now living below the poverty line despite Social Security.

Simultaneously, we could restore full IRAs and encourage people to save for their own retirement.

We could also acknowledge Social Security for what it is—a tax, not a savings plan. That way the elderly can stop thinking of it as a debt they are owed and the young can get a tax deduction that would transfer back a small portion of the wealth they lose through their "contributions."

"What people are missing," says Longman, "is that they think their check is coming out of their own account, and it's not. It is being financed by their grandchildren and other people's grandchildren. If they knew that, they would look around and say, 'I can see people who need this money worse than I do.' "

But the very young can't vote and the elderly vote in disproportionate numbers to their share of the population. Nor do the young have a lobby to counteract the organization and the money of the American Association of Retired Persons.

We could, of course, simply resign ourselves to these expenditures as part of the cost of civilization. Yet it's not at all clear that our civilization can afford these continued, and crippling, transfers from the young to the old. At the moment the older people, through organizations like the AARP, retain the upper hand politically. But the way things are going, there's almost certain to be a backlash among the ever more burdened young.

Given the political difficulties of reducing entitlements for the elderly, it becomes doubly important that we adopt policies that encourage economic growth. Only that way can the nation continue to take good care of the growing proportion of elderly without unduly burdening their children and grandchildren. The very worst thing we could do would be to adopt "populist" solutions that would only add to the burden while simultaneously reducing the resources available for dealing with it. ■

Peter Cunis

If the fear of inflation is receding and the price of gold is weak, why are Harry Oppenheimer, Sam Zell, the Bronfmans and other astute investors nailing down big positions in gold mining companies?

The new goldbugs

By Howard Rudnitsky

ONE MID-OCTOBER DAY, four gold stocks appeared among the New York Stock Exchange's leading price percentage gainers. Two of them—Battle Mountain Gold and Newmont Gold—each jumped over 5%. The moves added some $180 million to Newmont's market value and around $50 million to Battle Mountain's.

The stock price moves would seem inconsistent with gold's fundamentals. As inflation fears have waxed and waned, the metal's price has ebbed. It currently hovers just above $410 an ounce, down from a peak of $497 late last year. Despite this retreat—or perhaps because of it—several shrewd investors have begun to accumulate gold shares. Some recent examples:

- In September Toronto-based Hemlo Gold Mines acquired almost 10% of Vancouver, B.C.'s Granges Exploration, Ltd. The acquiring company is controlled by Noranda, Inc. and the Edgar and Peter Bronfman family interests. The price—$7.5 million—was less than one-fourth what the same stake would have cost a year ago. Granges has 680,000 ounces of gold reserves.
- Last September Minorco launched a $4.9 billion unfriendly bid for the 70% of the shares of London-based Consolidated Gold Fields Plc. it doesn't already own. Minorco is 60% owned by companies controlled by South Africa's Harry Oppenheimer. Among ConsGold's worldwide gold holdings is its 49% investment in Newmont Mining, whose major asset is 90% ownership of gold-reserve-rich (30 million ounces) Newmont Gold.
- San Francisco's Homestake Mining recently acquired 70% of North American Metals through a tender offer for $24 million.
- Chicago-based investor Samuel Zell is about to go on the board of Toronto-based Horsham Corp., which controls American Barrick Resources, a gold producer with large gold reserves in Nevada. Marshall (Mickey) Cohen of Olympia & York Enterprises, which is controlled by Canada's billionaire Reichmann family, in September went on American Barrick's board. Zell is paying $10 million for his roughly 10% interest in Horsham.

What do Harry Oppenheimer, the Bronfmans, Sam Zell and others see in gold? And now of all times? In many cases they see fundamentally sound companies whose stocks have been beaten down. Since August 1987, 20 of the largest North American gold mining stocks have lost some $7 billion in market value. The stocks of the biggest gold producers are still selling at little more than half their levels of 15 months ago. The share prices of many smaller gold company stocks have been decimated. Galactic Resources slumped from 13 to 5½; Granges, from 12 to around 3½. Says investor Sam Zell: "Now may not be a

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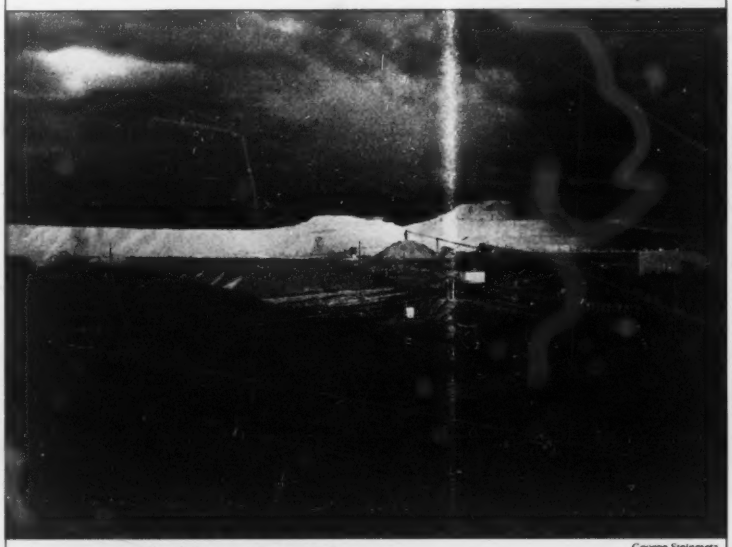
Hedge hogs



George Steinmetz

A mountain of gold ore at Round Mountain
To offset lower prices, more production.

How do you run a business when you never know what the selling price of your product will be when it finally comes to market? You use futures markets to hedge. Farmers routinely do this. Now several gold mining companies are aggressively trying to insulate their earnings and profit margins from gold's volatile price by hedging.

Earlier in the year, when gold was $430 an ounce and higher, many prescient producers locked in higher prices for a year or two by selling gold forward through bullion dealers and hedging through elaborate options transactions.

To maintain its ability to develop its enormous Carlin, Nev. gold reserves, for example, American Barrick Resources sold gold forward for future delivery and bought put options to hedge 75% to 85% of its 1988, 1989 and even 1990 production. It secured an average price of $430 an ounce, which is well above the current market price. Lac Minerals, too, has hedged 75% of its 1988 production, at an average price of $482.

Not everyone is sold on hedging most of several years' worth of gold production. Some companies, including Echo Bay, won't sell forward more than 25% or 30% of gold production in any single year. "We are in the business of producing and developing gold," says Echo Bay Chairman Robert Calman, "not in the hedging and speculating business." Karl Elers, president of Battle Mountain Gold, agrees. Says Elers, "What if gold prices turn up sharply a year or so from now? You're giving up part of the upside." But then Battle Mountain has less to worry about than some of its competitors: Its production costs are a low $140 per ounce, compared with $250 and more for some competitors.—H.R.

bad time to purchase a long-term call on gold."

Mark this: The investors aren't expecting a quick turn in the price of gold. Donaldson, Lufkin & Jenrette's John Tumazos, who shrewdly told his clients to get out of gold shares late last year, thinks gold's price will average only $375 an ounce in 1989. At 25 times anticipated earnings, he warns, most gold stocks are still overvalued. The recent investors are aware of this possibility but aren't overly concerned. They are taking a long-term view. They seem to feel that prices of gold stocks have taken a worse beating than the price of gold itself.

Pru-Bache Capital Funding's mining analyst Nicolas Toufexis likens the situation of gold companies today

Is a bottom at hand?

These and other publicly traded gold mining companies have shed $7 billion in market value since last year. Recently, however, some shrewd long-term investors have been buying sizable gold share stakes. What to look for? Companies with low mining costs, rising gold production and strong balance sheets.

Company	Gold production thousands of ounces 1988E	1989E	1988E production hedged	Weighted average hedge price	Current cash production cost	Total cash ($mil)	Long-term debt[4] ($mil)	Market value ($mil)	Price range 8/1/87 – 10/14/88 high	low	recent
Amax Gold[1]	236	350	85%	$495/oz	$129/oz	$28	$0	$1,020	19⅝	9¼	17
American Barrick	325	425	90	430	250	138	214	1,035	30⅜	12¾	17¾
Battle Mountain	305	340	0	—	140	80	0	980	27⅜	12¾	15
Echo Bay Mines	550	700	21	436	241	32	165	1,620	30⅛	15½	16⅜
FMC Gold[2]	302	305	0	—	122	17	0	745	17⅞	8½	11⅜
Freeport McMoRan Gold	250	280	0	—	187	80	0	570	19½	10½	13¾
Galactic Resources	70	120	27	429	282	7	43	155	13¾	4¼	5⅛
Granges Exploration	75	100	60	490	300	13	26	80	11⅝	2¾	3 5/16
Homestake Mining	760	900	0	—	275	243	70	1,350	24	12½	14¼
Lac Minerals	318	330	75	482	265	224	190	890	15¼	6¾	9⅝
Newmont Gold[3]	830	1,280	0	—	211	0.5[5]	0[5]	3,670	48¾	27⅛	35
Pegasus Gold	270	300	83	425	220	51	37	300	26⅛	10¾	12¾
Placer Dome	800	1,060	35	490	240	750	111	3,000	21⅜	10⅞	13

[1]Amax Gold is 87% owned by Amax, Inc. [2]FMC Gold is 89% owned by FMC Corp. [3]Newmont Gold is 90% owned by Newmont Mining. [4]A substantial portion of the debt is secured by future gold production. [5]Parent Newmont Mining has sizable debt and cash.

to that of the oil companies a few years ago. Toufexis explains that after oil—and oil stock—prices collapsed, it became cheaper to buy an oil company's existing reserves on Wall Street than to explore for new reserves. Thus the wave of acquisitions that began in the early 1980s and continued through last month's auction of Tenneco's oil and gas reserves for an unexpectedly large $7 billion plus.

The same kind of consolidation is starting to happen to gold mining companies. Securities analysts, not geologists, will do the prospecting. This kind of prospecting will focus on smaller gold companies because these generally sell at far lower multiples than the big ones. Today, says Toufexis, the bigger gold miners command cash flow multiples that average about 50% to 70% higher than the smaller and privately held producers.

In other words, the stock market values the big producer's gold production at a significant premium to that of a smaller or privately held gold producer. This makes sense. Small producers today are shut out of the equity market, and they can't sell low-cost, off-balance-sheet, gold bullion-backed debt, as can the majors.

For example, earlier this year Echo Bay Mines, a large North American gold producer, raised $70 million in equity in a share issue. Then it bought about 25% of the shares of the Canada-based Muscocho group stock for $41 million in stock and convertible debt. Muscocho's gold production will be only 40,000 ounces in 1988 but will jump to 100,000 ounces next year. As production rises, Echo Bay's capitalization price per ounce of Muscocho production for 1989 will be only $1,000, compared with Echo Bay's own market capitalization value of $2,300 per ounce of production.

Even though gold prices are down, cash flow is still strong as mining companies boost production. Listen to Jean-Charles Potvin, mining analyst at Burns-Fry Ltd., a Toronto-based brokerage: "If gold prices were to average only $375 an ounce next year, the 50 North American gold mining companies we follow would still have cash flow of around $1.4 billion." With substantially higher production, he says, even at that unlikely price, it still would be a slight increase from the same companies' $1.3 billion in cash flow in 1987, when gold averaged $435 an ounce.

Potvin adds that many gold companies are loaded with cash. Placer Dome has over $700 million in cash; its market value is $2.6 billion. American Barrick has about $140 million, and Homestake Mining has some $240 million in cash. Battle Mountain has around $80 million in cash and no debt. Several big producers, moreover, have used the futures markets to lock in gold prices higher than today's *(see box, p. 240)*.

Goldman, Sachs gold analyst Amy P. Gassman believes a consolidation among gold producers is under way. Strong, well-financed mining companies will gradually take over smaller, underfinanced gold companies. According to one recent report, only the largest half-dozen or so producers in Australia, Canada and the U.S. can be confident of fending off takeover bids over the next few years.

In the consolidation process, the big companies will have to pay a premium over current market prices to buy gold companies. Minorco offered a 20% premium for Consolidated Gold Fields.

Not surprisingly, Minorco's hostile bid has met furious opposition from Consolidated. At gold mining companies around the world, strategies for defense and attack are being drawn. With the big money on the prowl for low-cost reserves, nobody feels safe these days.

But why own gold, with inflation seemingly under control? Look at it this way: Even with 4% to 5% inflation, compounding annually, paper money depreciates fairly fast. So when you can buy gold shares cheap, why not buy them? ■

If high-quality growth stocks like FORBES' best 200 small companies in America regain favor on Wall Street, it will be especially important to remember what can go wrong even in the best small companies. Below, five case studies.

Small Isn't Always Beautiful

By Steve Kichen, Evan Sturza and Graham Button

DESPITE A healthy recovery from last year's plunge, the stocks of many of the country's best growth companies remain well down from their highs. In last year's market blowoff, investors learned the true terror of being locked into small companies when someone yells, "Margin call!" The best of the best small companies—the Forbes honor roll shown on page 284—were recently trading at a median 14.2 times earnings. This is well down from 1986, when the median price/earnings ratio for the Honor Roll companies was 18.2.

Will this generally hostile climate change? Investment sage John Templeton thinks so. Good contrarian that he is, he thinks the bear market in emerging growth companies stock is about to end *(see "Streetwalker," p. 370)*. Investors who agree with him will find good pickings in our tenth annual ranking of the best 200 small companies in America.

When using this (or any) list of attractive growth companies, it is important to remember how unbeautiful small firms can very quickly turn. The 200 companies on our list, as defined by William O'Neil & Co., publisher of *Investor's Daily*, had a minimum five-year average return on equity of 12% and a five-year earnings growth rate of at least 9%. For the latest 12 months, return on equity had to be no less than 9.4% and earnings growth 6% or better. Long-term debt had to be less than equity.

Alas! Past performance does not guarantee future anything. Below we present five companies whose performance earned them a place on prior lists of the best 200 small companies—and which subsequently dropped sharply in market value, and off the list. Each angel fell for different reasons. But in each case the reasons provide lessons for investors in small companies, as well as for their owner-managers.

Clothestime, Inc.

The trouble with young women

In the early 1970s Michael DeAngelo, younger brother Raymond and their friend John Ortega II were selling clothes at swap meets (southern California-style flea markets). The trio came up with a new concept for selling to young women: They purchased large quantities of brand-name closeouts on junior apparel, mostly from manufacturers, at below wholesale prices, and sold the goods at cheap prices to their young consumers.

By 1987 the partners had built their Anaheim-based Clothestime, Inc. into a $179 million (sales) specialty retailer with over 330 stores in 18 states. From 1982 to 1986, earnings compounded at an average annual rate of over 82%. The company went public in 1983 and by 1987 had a market value of around $340 million—up nineteenfold from the public offering. Mike and Ray DeAngelo were worth $86.2 million.

And then it all collapsed. In the

summer of 1987, the women's apparel business stalled, particularly in the fickle junior apparel segment. Most retailers, including the Limited and the Gap, were hurt. Clothestime, with its whimsical junior market, was hurt even worse and was forced to slash markups in an effort to maintain its value image.

Before the downturn, Clothestime was doing a highly profitable side business with private-label merchandise. Women would come in for a cut-price brand name outfit and leave with a high-margin item with one of Clothestime's labels. But when business slumped, the customers stuck to brand names. The private-label division became an albatross.

Net income dropped 45% in fiscal 1987 (ended Jan. 30, 1988), to $6.5 million; for the six months ended July 30, 1988, the company posted a net loss of $788,000, versus a profit of almost $7.8 million in the prior year's first half. Current market value: $78.5 million.

The DeAngelo brothers, who own about 17% of the company, are fighting back. Recently Clothestime reduced its private-label merchandise to 10% of its mix, down from 40% about 1½ years ago. Citing recent improvements in the business climate and tighter internal controls, President and Chief Operating Officer Norman Abramson says Clothestime hopes to open about 50 new outlets in 1989, bringing the total to 388. The company also launched an advertising blitz to promote its new emphasis on more sophisticated, career-oriented junior apparel.

"The ladies' apparel business is a high-risk, high-reward business," Abramson notes. "When you're right you're right, when you're not you're not. It's as simple as that." Something to remember whenever an upstart specialty retailer comes up as the topic of conversation.

Nuclear Support Services

Digestion problems

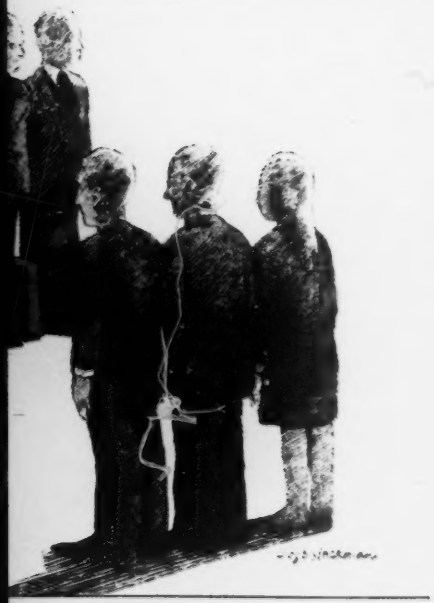
Nuclear Support Services Inc., of Campbelltown, Pa., was featured three times on our rankings of the country's 200 best small companies. The company's personnel assist in

nuclear plant maintenance activities, such as measuring radiation levels and servicing valves and pumps. NSS provides these services only to the electric utilities' nuclear facilities, and so is not caught up in the current allegations of safety hazards at government nuclear weapons plants.

From 1982 to 1987, NSS was able to generate a five-year earnings growth rate of 21.5%, despite competition from giants like Westinghouse and Combustion Engineering. By 1987 its sales had grown to $40 million, its market value also to $40 million. But given the country's antinuke bias, and after winning maintenance contracts from more than half of the country's operating nuclear plants, where could NSS look for growth? More important, how should it look?

This is a classic dilemma for many successful small companies. NSS President Laurence Strassner responded by deciding to diversify. In April of last year Strassner purchased Henze, a subsidiary of ITT, which is one of the leaders in servicing valves and pumps for the power industry. Soon after, Strassner bought two other companies for a grand total of about $15.8 million in cash and stock.

In making three significant acquisitions within a year, Strassner left himself little cushion against the things that could—and did—go wrong. Notable among these were controlling costs of the combined businesses, and lower than expected revenues from one of the acquisitions.



Debt financing, too, looks like a mistake. By the time the acquisition dust settled, NSS' long-term debt had jumped to $13.4 million and its debt-to-equity ratio from 65% to 165%. As interest expense rose, earnings from continuing operations dived: from $2.4 million for the 12 months ending in June of 1987, to a loss of $800,000 for the 12 months ending this June. This year's losses could exceed $1.6 million. The market now values NSS at less than $10 million. Says Strassner hopefully: "The corner has been turned and improvements in our operations will be seen in the next quarterly report." But the indigestion problems won't go away soon.

QMS, Inc.

Printer's (red) ink

A year ago, management at Mobile, Ala.'s QMS, Inc. was boasting to shareholders that the computer printer manufacturer would, in the next year or so, garner more than $50 million in additional revenues from a new sales and marketing agreement with Hewlett-Packard.

But QMS made a not unusual small-company mistake. It became obsessed with sales growth and forgot about product support and inventory controls. "They thought that because you have a better mousetrap, the world comes to your door," says David Garcia, an analyst who knows QMS well. "They did have a better mousetrap, but a lack of management control frittered away that opportunity."

The anticipated business with H-P centered on QMS' JetScript. This embodied a software product called PostScript, which QMS licensed from a company named Adobe Systems. But H-P's customers began asking for PostScript by name, and H-P decided to deal directly with Adobe when it designed its new-generation printers. QMS was stuck with dwindling orders for the first-generation printers.

Another mistake: QMS produced a high-quality, moderately priced printer called KISS, with even more features than H-P's popular LaserJet printer. But QMS neglected to offer retail dealers an attractive markup on KISS, and overordered components to build the printer. By July of 1988, inventory was over $71 million, almost double the level less than two years earlier. QMS financed much of this ballooning inventory by taking on over $30 million of debt. Russell Crabs, an analyst with SoundView Financial Group, thinks QMS will lose $3 million to $5 million in fiscal 1988 (ended Sept. 30). This, against profits of $8.7 million in 1987. The stock plunged from 26¼ in July 1987 to a recent 7. Management has probably learned several good lessons. Unfortunately, competition in the printer business is so rough that there aren't many second chances.

Zenith Labs

Quality time

Zenith Labs, of Ramsey, N.J., had been selling generic drugs for over 30 years when, in 1985, it had its best year. Earnings surged to $16 million on revenues of $81 million. This impressive performance was the result of seizing an opportunity created in 1984, when the Food & Drug Administration relaxed rules for the approval of generic drugs. This meant that many popular drugs, such as Valium and Motrin, were about to lose their patent protection. Zenith expanded to capitalize on the opportunity.

For the first two years the expansion paid off. But in its pursuit of market share, management began to ignore quality control and deviated from good manufacturing practices. Citing faulty production techniques and unauthorized alterations to drug formulations, the FDA in the summer of 1986 ordered Zenith to recall 33 of its products. Sales subsequently collapsed to just $50 million as black ink turned red.

As if the situation weren't bad enough, Zenith did little to cure a festering credibility problem. The company had a history of overly optimistic promises about upcoming product approvals. Now, Zenith kept telling Wall Street and shareholders that the FDA problems weren't all that serious. In fact, the agency took up to two years before allowing Zenith to remarket some products.

Stuck with excess capacity, and with its product line slashed by the FDA, Zenith had little choice but to lower prices on its remaining drugs to keep existing customers. Finances deteriorated so badly that last May Zenith defaulted on debt payments and was forced into Chapter 11. Four top officers, including Chief Executive James Leonard, resigned.

Zenith's stock now trades at 2⅛, down from its 1986 peak of 18¼. The board has brought in Larry A. Weber,

who turned around Rexall Drugs, to try to clean up the Zenith mess. Weber may have just been dealt a lucky hand: In September the FDA approved Zenith's application to produce generically a popular antihypertension drug. If Weber has learned from his predecessors' mistakes, Zenith may yet have a happy ending.

ActMedia

Give our regards to Wall Street

Sometimes companies make a mistake no greater than that of disappointing Wall Street. Such a company is ActMedia Inc. Its business is going through some growing pains but is fundamentally sound. Yet Wall Street, once happy to pay four times revenues for the stock, now won't pay over one time (at a recent 9 a share).

The Westhampton Beach, N.Y.-based company is the outgrowth of Chairman Bruce Failing Sr.'s clever idea of placing advertisements—mini billboards, in effect—on supermarket shopping carts, renting space on the carts from the food chains. Heavyweight advertisers like Philip Morris, Kellogg and Procter & Gamble were soon affixing their messages to ActMedia's carts. ActMedia's revenues shot from nearly nothing in 1982 to $94 million in 1987, when the company earned $6.6 million (55 cents a share). The stock roared to 28—over 50 times earnings.

As the company approached the $100 million sales mark, Failing figured he had to broaden ActMedia's base. Last January he acquired Shelfvision, which puts ads on supermarket shelves and had been making life difficult for ActMedia. Failing paid around $19 million in cash and stock. The two were a natural fit, long term. But Wall Street lives in the short term, and the stock weakened.

About the same time, ActMedia sensibly decided to get more out of its 13,700-person field service organization. It did this by expanding such related services as in-store couponing, shelf advertising and promotional programs. And it ventured more heavily into drugstores with its shopping cart and shelf advertising. Again the expansion made long-term sense, but at a short-term price: During the first three quarters of this year, ActMedia's selling, general and administrative expenses climbed 49%, while revenues were caught in an overall advertising slowdown. "We were planning for about $6 million more in revenues this year," says Failing, "all of which would have gone to the bottom line." For the first nine months the company reported a loss of $2.3 million.

Not surprisingly, when ActMedia's stock dropped to about half its 1987 high of 28, Failing and other managers attempted to take the company private, at $16 a share. But the buyout collapsed when the bankers backed out at the last minute. In private hands or public, ActMedia looks like a rebounder. "After four years of averaging 40% growth, we had to take these steps to get ready for the next phase of ActMedia," says Failing, determined to prove Wall Street wrong. "Forget 1988. We will be back next year." Perhaps so, but stockholders have had quite a roller-coaster ride this year. ■

The small company honor roll

These 17 honor roll companies have graced FORBES' 200 best small companies rankings for at least four out of the last five years, and have posted some of the 1988 group's better five-year and latest 12-month returns on equity. And as investments? A portfolio made by investing $1,000 in each of these 17 stocks in October 1983 would now be worth $66,244. This works out to an average annual return of 33.3%.

Company	Years on 200 best list	Return on equity 5-year average	Return on equity latest 12 months	—5-year growth— sales	—5-year growth— earnings	Recent price	Value of $1,000 invested 10/24/83	Chief executive
American List	4	27.7%	24.2%	24%	19%	10¾	$3,355	Martin Lerner
Arnold Industries	5	20.7	24.1	14	25	30¼	3,980	Edward H Arnold
CPI	4	21.9	22.0	18	21	21¾	1,723	Alyn V Essman
Dress Barn	4	31.9	39.7	38	57	13¾	5,978	Elliot S Jaffe
Dreyfus	5	21.7	18.1	21	19	26½	3,330	Howard Stein
Eaton Vance	5	24.2	27.8	29	28	20¼	1,952	Landon T Clay
Franklin Resources	5	58.9	60.4	70	104	21⅛	12,190	Charles B Johnson
John H Harland	5	22.7	24.4	11	19	21	2,211	J William Robinson
Juno Lighting	4	27.3	30.8	21	32	19¾	5,643	Robert S Fremont
Lee Enterprises	4	23.3	26.5	8	13	27⅛	2,330	Lloyd G Schermer
Mylan Laboratories	4	34.7	28.8	29	50	9⅛	3,446	Roy McKnight
Napco Security Systems	5	27.7	29.7	27	35	13	4,035	Richard Soloway
Neutrogena	5	34.6	55.3	32	51	29	9,705	Lloyd E Cotsen
New England Business Services	4	24.1	26.9	13	16	21½	1,607	Richard H Rhoads
Pioneer Group	5	30.2	29.2	28	20	17½	1,071	John F Cogan Jr
Technalysis	4	21.1	21.9	16	10	9¾	1,009	Victor A Rocchio
Versa Technologies	5	26.7	28.9	12	26	15⅝	2,680	James E Mohrhauser
Total							$66,244	

Source: William O'Neil & Co. Forbes

The 200 Best Small Companies in America

Rank this year	Rank last year	Company/business	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Latest 12 mos sales (mil)	Latest 12 mos profits (mil)	Debt/ equity	Recent stock price	Market value (mil)	Latest 12 mos EPS	Latest 12 mos P/E	Est 1988 EPS	Book value/ share
1	■	**Melamine Chemicals** specialty chemicals	262.7%	100+*	39.0%	$33.0	$6.77	0%	12	$65.4	$1.28	9.4	$1.35	$0.12
2	8	**King World Productions** distr & synd of TV progs	62.0	100+*	131.0	280.8	59.76	51	24⅞	632.3	2.17	11.5	2.67	1.54
3	■	**Quiksilver** casual sportswear	61.3	29.1%	97.0	44.6	3.07	0	6⅝	38.3	0.50	12.8	0.78	1.76
4	3	**Franklin Resources** fund management	58.9	60.4	104.0	201.0	63.20	3	21⅝	560.1	2.37	8.9	2.86	3.98
5	■	**Respironics** respiratory medical products	55.5	52.3	55.0	14.0	1.32	5	13½	21.3	0.95	14.2	NA	1.68
6	1	**Value Line** financial publishing, investments	54.3	40.5	16.0	73.1	20.01	0	21⅓	212.5	2.01	10.6	NA	4.97
7	5	**PCS** prescription claims processing svcs	52.9	49.1	45.0	82.1	12.43	0	14½	210.4	0.86	16.9	1.24	1.75
8	■	**VM Software** computer software	50.9	19.3	35.0	36.1	4.43	0	14⅛	87.2	0.70	20.2	1.18	3.72
9	6	**Intl Dairy Queen** fast-food restaurants	48.2	43.8	29.0	234.6	19.06	85	32¼	315.8	1.97	16.6	2.23	4.48
10	4	**Canonie Envir Svcs** hazardous waste mgmt svcs	45.1	26.4	90.0	47.2	6.86	0	25⅛	144.7	1.16	22.2	1.68	4.29

Of this year's 200 best small companies, 104 made our list last year. Of those that did not return, 15 were acquired, at least 6 outgrew our $321 million sales constraint, and the rest couldn't maintain their exceptional growth rates.

11	■	**GoodMark Foods** processed meats	43.3	19.5	19.0	121.5	4.16	59	12½	54.9	0.94	13.3	1.25	4.81
12	■	**Shorewood Packaging** paperboard packaging	41.1	41.1	29.0	105.5	12.80	29	15⅜	205.6	0.99	15.9	1.35	2.39
13	■	**HWC Distribution** distributes wire, cable prods	40.6	27.0	58.0	109.5	6.25	46	13	59.6	1.20	10.8	NA	4.78
14	10	**Morino Assocs** computer software	38.4	35.0	52.0	44.7	8.52	0	14½	145.3	0.82	17.7	1.05	2.43
15	■	**Sigma Designs** microcomputer graphic peripherals	37.6	45.0	111.0	58.7	7.14	0	13	60.5	1.38	9.4	2.26	2.89
16	18	**T Rowe Price Assocs** mutual fund invest advisory svcs	34.9	37.9	35.0	136.0	21.91	3	32	229.9	2.96	10.8	3.12	8.05
17	■	**Mylan Labs** generic drugs	34.7	28.8	50.0	97.5	25.84	7	9⅝	329.8	0.72	12.7	0.97	2.48
18	■	**WD-40** lubricants	34.7	44.3	10.0	77.6	14.51	0	33	249.0	1.93	17.1	2.16	4.36
19	23	**Neutrogena** cosmetics	34.6	55.3	51.0	168.2	21.04	0	29	598.5	0.97	29.9	1.36	1.83
20	13	**Trans World Music** music, video stores	34.3	30.2	77.0	219.1	11.28	40	25½	229.8	1.25	20.4	2.07	4.15

■ Not on last year's list *Figure greater than 100% NA Not available Stock prices as of Oct. 17

Sources: William O'Neil & Co., Institutional Brokers Estimate System (IBES), Forbes

The 200 Best Small Companies in America

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21	19	**Group 1 Software** computer software	32.5%	46.6%	66.0%	$14.0	$2.21	1%	12	$39.7	$0.66	18.2	NA	$1.43
22	■	**Wellman** plastics recycling	32.3	27.0	31.0	290.1	31.30	40	39¼	562.9	2.17	18.1	$3.00	8.14
23	17	**Heartland Express** trucking	32.0	32.5	21.0	30.8	4.26	0	10	50.0	0.85	11.8	1.05	2.62
24	32	**Dress Barn** women's apparel stores	31.9	39.7	57.0	204.9	15.80	0	13¾	306.2	0.71	19.4	0.89	1.79
25	■	**Reeds Jewelers** retail jewelry stores	31.6	21.8	41.0	49.9	2.00	35	7¼	25.1	0.58	12.5	1.00	2.64
26	■	**Iverson Technology** modifies computer equip for govt & others	30.6	24.4	82.0	58.2	4.31	95	10⅞	41.8	1.11	9.8	1.56	4.68
27	■	**Brandon Sys** computer services	30.4	21.8	78.0	27.2	2.13	0	12¾	29.2	0.93	13.7	1.13	4.26
28	28	**Pioneer Group** mutual fund management	30.2	29.2	20.0	56.4	13.50	0	17½	106.8	2.21	7.9	2.30	7.58
29	■	**Calgon Carbon** activated carbon	29.4	27.2	25.0	193.7	24.47	25	29	574.7	1.23	23.6	1.74	4.54
30	■	**Penn Treaty American** supplemental health insurance	28.3	21.7	36.0	16.4	2.79	1	7½	18.9	1.16	6.5	1.55	5.10
31	27	**Inmac** mail-order computer prods	28.0	28.8	36.0	222.8	9.71	0	13¾	129.2	1.02	13.5	1.21	3.69
32	■	**Jack Henry & Assocs** banking software and svcs	27.9	11.2	9.0	18.1	1.06	18	3⅜	13.1	0.29	12.5	0.50	2.62
33	30	**American List** student mailing lists	27.7	24.2	19.0	7.4	1.88	3	10⅜	29.5	0.68	15.6	NA	2.80
34	36	**Napco Security Sys** protective alarm equip	27.7	29.7	35.0	35.2	4.16	26	13	56.6	0.95	13.7	1.15	3.22
35	37	**Bush Inds** ready-to-assemble furniture	27.6	27.1	38.0	92.1	4.98	54	9⅜	43.4	1.11	8.7	1.63	4.07
36	■	**Expeditors Intl** freight forwarding	27.6	23.6	37.0	146.7	6.40	9	17	97.2	1.12	15.2	1.41	4.75
37	35	**Juno Lighting** lighting fixtures	27.3	30.8	32.0	58.3	12.03	13	19¾	180.9	1.32	15.0	1.60	4.26
38	■	**Fastenal** fasteners, retails bldg materials	27.1	23.2	45.0	25.2	2.33	8	19½	92.5	0.51	38.2	0.73	2.12
39	52	**Versa Technologies** silicone rubber and fluid power prods	26.7	28.9	26.0	45.9	5.89	6	15⅝	76.0	1.23	12.7	1.51	4.20
40	■	**Sound Advice** consumer electronics stores	26.5	28.6	55.0	54.8	2.25	1	6¼	19.0	0.74	8.4	0.85	2.60
41	■	**XL/Datacomp** sells and leases IBM computers	26.4	29.4	25.0	206.8	9.71	0	24	163.5	1.36	17.6	1.96	4.54
42	■	**Sound Warehouse** music, video stores	25.5	12.6	29.0	184.8	4.53	0	15⅛	78.0	0.87	17.4	1.25	6.95
43	■	**Informix** computer software	25.4	14.2	88.0	65.3	6.34	0	8½	100.0	0.67	12.7	1.06	3.86
44	31	**Ashton-Tate** computer software	25.2	25.9	61.0	287.8	46.42	3	24¾	620.3	1.81	13.7	2.44	7.13
45	■	**Aloette Cosmetics** cosmetics	25.0	17.3	10.0	17.6	2.41	5	7	20.6	0.82	8.5	NA	4.74

■ Not on list year's list. NA: Not available. Stock prices as of Oct. 17. *Sources: William O'Neil & Co.; Institutional Brokers Estimate System (IBES); Forbes*

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46	50	**Boston Acoustics** audio speaker systems	24.8%	25.2%	30.0%	$119.4	$2.21	0%	10⅞	$21.7	$1.10	9.9	$1.30	$4.44
47	■	**BHA Group** aftermarket air pollution cntrl equip	24.7	24.6	26.0	44.3	2.42	28	14	46.4	0.72	19.4	1.07	2.98
48	■	**Agency Rent-A-Car** auto leasing	24.6	24.3	27.0	199.2	23.56	92	18½	427.2	1.02	18.1	1.34	4.39
49	■	**Video Display** cathode ray tubes	24.6	25.9	40.0	31.0	2.48	83	8¼	33.3	0.61	13.5	NA	2.37
50	70	**Armor All Products** auto cleaners and protectants	24.3	30.2	22.0	132.4	23.44	0	22½	470.4	1.13	19.9	1.55	3.72
51	66	**Eaton Vance** mutual fund adviser & distributor	24.2	27.8	28.0	48.2	11.62	18	20¼	85.7	2.87	7.1	NA	11.38
52	51	**N England Business Svcs** business forms	24.1	26.9	16.0	217.5	22.44	8	21½	372.4	1.30	16.5	1.50	4.82
53	90	**Republic American** casualty insurance	23.7	31.5	37.0	259.3	24.94	58	14⅞	274.3	1.32	11.3	1.48	4.29
54	60	**MacNeal-Schwendler** computer-aided engineering software	23.6	27.1	33.0	38.1	9.32	6	12	146.7	0.76	15.8	1.00	2.82
55	■	**Tyco Toys** toys	23.6	26.1	65.0	217.9	9.40	47	13⅞	79.1	1.85	7.5	2.44	6.98

Big performance in small packages: The median 5-year annual return on equity of these 200 companies is a handsome 19%; the median 12-month return is 22.8%.

56	■	**Lee Enterprises** newspapers, broadcasting	23.3	26.5	13.0	248.7	40.25	50	27⅜	676.9	1.60	17.1	1.80	6.19
57	■	**Uni-Marts** convenience stores	23.2	13.1	40.0	134.0	2.61	36	6¾	42.9	0.41	16.8	0.60	3.19
58	■	**Northwest Teleprodtns** videotape and film production	23.0	28.5	27.0	12.4	1.43	26	8	13.1	0.87	9.2	NA	3.06
59	■	**LDI** computer sales and leasing	22.9	15.7	19.0	165.1	5.38	68	13¾	64.0	1.17	11.8	1.65	7.32
60	62	**John H Harland** check printing	22.7	24.4	19.0	296.1	46.12	0	21	723.9	1.33	15.8	1.63	5.49
61	■	**Ohio Art** "Etch A Sketch" art toys	22.7	38.7	248.0	62.6	4.07	1	46½	23.9	6.47	7.1	NA	20.36
62	9	**ABI Am Businessphones** telecommunications equip	22.3	20.9	24.0	30.1	1.53	36	10½	17.9	0.92	11.4	NA	4.36
63	■	**Innovex** precision electromech comp, photofin equip	22.2	11.6	37.0	25.2	1.52	1	4⅝	20.3	0.33	13.1	0.55	3.05
64	■	**Rollins Environmtal Svcs** industrial waste mgmt	22.1	28.8	66.0	202.6	37.10	3	14⅛	835.6	0.62	22.8	1.00	2.18
65	56	**CPI** portrait studios, photofinishing	21.9	22.0	21.0	300.2	25.68	0	21½	363.0	1.53	14.2	2.01	6.99

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The 200 Best Small Companies in America

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66	43	**Dreyfus** fund management	21.7%	18.1%	19.0%	$267.4	$96.75	0%	26½	$1,092.4	$2.34	11.3	$2.82	$12.97
67	■	**AT Cross** pens, luggage	21.6	26.7	16.0	206.2	31.44	0	31⅜	524.5	1.90	16.6	2.23	7.07
68	114	**Liqui-Box** packaging	21.5	24.8	26.0	80.4	6.86	11	38	86.5	2.96	12.8	NA	12.13
69	58	**Paychex** payroll accounting svcs	21.5	25.1	35.0	86.3	7.90	9	17¾	230.8	0.61	29.1	0.93	2.44
70	64	**Uniforce Temp Personnel** temporary personnel	21.5	23.1	34.0	83.4	2.69	0	11½	51.9	0.59	19.5	0.83	2.60
71	■	**AEP Industries** plastics	21.3	21.2	21.0	91.6	3.96	17	10¼	30.9	1.31	7.8	NA	6.19
72	67	**CEM** precision instruments	21.2	20.0	29.0	13.5	1.88	0	16¼	36.2	0.83	19.6	1.10	4.24
73	■	**CareerCom** vocational schools	21.1	33.3	63.0	138.2	7.40	95	10⅜	116.6	0.63	16.5	1.02	1.98
74	■	**Howell Industries** auto parts	21.1	27.8	61.0	53.0	3.97	6	23¼	24.5	3.79	6.1	NA	13.68
75	45	**Technalysis** computer & technical svcs	21.1	21.9	10.0	16.1	1.50	0	9¼	15.7	0.92	10.6	1.20	4.25
76	■	**Cambrex** specialty chemicals	21.0	9.4	33.0	113.5	7.21	9	14⅓	73.2	1.35	10.9	1.80	13.94
77	44	**Par Pharmaceutical** drugs	21.0	26.8	41.0	94.2	11.78	35	12¼	134.6	1.05	11.7	1.26	3.98
78	■	**Total System Svcs** bank card data processing svcs	20.9	34.1	39.0	52.7	8.40		21½	341.3	0.53	40.6	0.77	1.55
79	■	**AL Williams** life insurance, securities brokerage	20.9	37.5	46.0	288.2	44.3*	34	13¼	339.9	1.79	7.7	2.42	4.77
80	■	**Geodynamics** military engineering and software	20.8	17.4	23.0	42.7	3.00	0	11	30.9	1.05	10.5	NA	6.21
81	71	**Arnold Industries** trucking	20.7	24.1	25.0	119.7	13.21	5	30¼	192.7	2.07	14.6	2.70	8.59
82	54	**Cherokee Group** women's apparel & footwear	20.7	17.9	46.0	156.4	12.76	2	12½	154.7	1.00	12.5	1.38	5.77
83	63	**Syms** discount stores	20.7	22.8	13.0	273.7	18.45	9	11¾	207.4	1.05	11.2	1.27	4.59
84	■	**McGrath RentCorp** sells and leases modular offices	20.4	21.9	36.0	33.8	6.26	0	14¾	63.4	1.43	10.3	2.02	6.65
85	39	**Intertrans** freight forwarding	20.3	16.6	25.9	122.1	2.90	0	11⅛	52.3	0.59	18.9	0.93	3.73
86	■	**Spartan Motors** heavy truck chassis	20.3	69.9	27.0	31.8	2.52	27	5⅞	27.0	0.51	11.5	NA	0.78
87	■	**Emcon Assocs** environmental consulting svcs	20.2	12.5	74.0	23.2	2.36	2	16½	41.4	1.01	16.3	1.30	7.50
88	■	**Arbor Drugs** drugstores	20.1	17.7	33.0	246.5	6.66	44	12½	79.3	1.05	11.9	1.26	5.93
89	106	**Frontier Insurance Group** insurance	20.0	32.0	59.0	39.4	7.03	0	11¼	41.2	1.92	5.9	NA	5.78
90	■	**LSI Lighting Sys** outdoor lighting fixtures	20.0	18.6	15.0	38.0	2.81	18	12¾	37.2	1.01	12.6	1.14	5.19

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91	■	**Lawson Products** fasteners, metal prods	19.9%	25.7%	20.0%	$157.5	$21.53	0%	25¼	$376.0	$1.47	17.5	$1.84	$5.73
92	■	**ERC Intl** technical consulting	19.7	24.4	33.0	134.8	5.31	90	11⅛	54.5	1.18	9.6	1.52	4.50
93	78	**Luby's Cafeterias** restaurants	19.7	21.0	13.0	247.4	26.35	3	24⅜	444.4	1.44	16.9	1.67	6.89
94	82	**Crawford & Co** insurance claims adj svcs	19.4	19.7	11.0	279.3	17.31	5	21½	251.3	1.49	14.4	1.66	7.50
95	■	**Interface Sys** computer equip	19.3	18.1	11.0	24.3	2.76	7	6½	27.6	0.64	10.2	NA	3.59
96	91	**Tootsie Roll Industries** candy	19.3	24.4	30.0	115.7	15.73	0	30¾	279.6	1.71	18.0	NA	7.10
97	139	**Avemco** insurance	19.1	27.9	34.0	113.1	19.10	31	25	220.9	2.06	12.1	2.31	7.74
98	85	**Spec's Music** music, vidco stores	19.1	21.7	40.0	32.5	1.82	0	7⅞	30.4	0.46	17.1	NA	2.18
99	20	**Traditional Industries** photographic equip & svcs	19.1	25.3	30.0	47.1	4.91	1	9⅜	30.3	1.51	6.2	1.60	5.99
100	■	**Giga-Tronics** military electronics	19.0	17.5	9.0	17.2	3.28	0	9¼	29.2	0.97	9.5	1.45	6.12

Large companies own major chunks of several of these firms. McKesson, for example, is a major shareholder in PCS and Armor All Products. Collins Foods controls Sizzler Restaurants International, and Ashland Oil and First Mississippi hold more than 20% of Melamine Chemical each.

101	127	**Systematics** bank computer services	19.0	25.7	23.0	186.2	16.19	5	28¾	316.0	1.46	19.7	2.03	5.80
102	102	**McClain Industries** waste-handling equip	18.8	29.3	31.0	33.7	2.12	10	12¼	32.1	0.70	17.5	NA	3.49
103	■	**Air Cargo Equip** airline cargo containers	18.7	25.5	55.0	23.0	2.11	11	7¾	19.5	0.83	9.3	1.25	3.28
104	87	**Stockholder Sys** financial software	18.7	23.3	15.0	20.2	3.15	0	8¼	33.1	0.78	10.6	1.20	3.36
105	■	**Chambers Development** waste mgmt, security svcs	18.6	19.1	40.0	97.1	15.14	97	22⅛	504.9	0.67	33.0	1.11	3.42
106	■	**Amwest Insurance Group** property & casualty insurance	18.5	22.5	39.0	21.5	3.02	27	13¼	26.7	1.46	9.1	1.78	5.44
107	97	**Diagnostic Products** medical diagnostic kits	18.5	23.5	29.0	40.9	10.90	0	40¼	237.5	1.76	22.9	2.52	7.87
108	■	**Modern Controls** precision instruments	18.5	23.9	24.0	8.0	1.51	1	10¼	21.6	0.71	14.4	0.90	3.01
109	■	**Lindal Cedar Homes** manufactures cedar homes	18.4	37.5	52.0	43.9	2.19	22	7¾	14.7	1.10	7.0	NA	3.07
110	■	**Alico** farming, ranching	18.3	22.2	10.0	22.8	7.26	0	22	157.9	1.02	21.6	NA	4.56

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111	96	**Bolar Pharmaceutical** generic drugs	18.0%	46.3%	34.0%	$122.9	$24.43	0%	18½	$363.7	$1.25	14.8	$1.68	$2.54
112	94	**FlightSafety Intl** air & marine training	18.0	20.4	14.0	153.7	46.60	17	25⅞	875.2	1.38	18.8	1.78	6.74
113	148	**Nordson** industrial equip	18.0	29.9	31.0	235.0	30.30	13	43¼	442.2	2.84	15.2	3.70	10.67
114	99	**Cintas** uniform sales and rentals	17.6	19.1	22.0	215.6	18.06	51	34	480.7	1.36	25.0	1.92	7.11
115	65	**Duquesne Sys** computer software	17.5	20.8	55.0	46.6	10.07	0	18½	192.8	0.93	19.9	1.29	4.59
116	105	**Electromagnetic Sciences** microwave components	17.5	24.6	27.0	70.4	7.43	27	9¼	64.6	1.03	9.0	1.25	4.32
117	■	**Thermal Industries** vinyl insulated windows	17.5	19.7	58.0	29.4	1.40	0	5¼	10.1	0.72	7.3	NA	3.69
118	117	**Hunt Manufacturing** office supplies	17.4	23.9	17.0	173.0	15.10	20	27½	294.6	1.41	19.5	1.70	5.89
119	■	**Pratt & Lambert** paints and chemical coatings	17.4	18.2	14.0	231.0	8.86	38	17¼	101.0	1.46	11.8	NA	8.36
120	122	**Clayton Homes** manufactured housing	17.3	23.8	25.0	212.6	13.95	93	9¼	149.9	0.86	10.8	1.10	3.64
121	120	**NY Marine & Gen Ins** maritime insurance	17.3	20.1	41.0	78.9	15.40	0	15	130.4	1.77	8.5	2.03	8.81
122	116	**American Software** computer software	17.2	22.1	21.0	58.2	12.19	0	15⅜	157.9	1.19	12.9	1.58	5.42
123	108	**Dycom Industries** telecommunications svcs	17.2	22.8	48.0	116.3	4.52	28	17¼	78.7	1.01	17.1	1.16	4.44
124	101	**Stryker** specialty medical prods	17.1	18.9	22.0	160.6	14.24	5	21	327.9	0.92	22.8	1.20	4.82
125	■	**Superior Industries Intl** custom auto parts	17.1	22.6	26.0	183.1	10.65	60	20¼	129.5	1.64	12.3	1.95	7.39
126	73	**Andover Controls** building automation sys	17.0	19.0	18.0	23.1	2.86	0	11½	40.4	0.80	14.4	0.93	4.33
127	149	**Digital Commun Assocs** computer networking equip	16.9	19.9	42.0	229.0	40.37	0	22	323.3	2.65	8.3	2.87	13.86
128	■	**Marietta** sample-size cosmetics	16.9	13.1	41.0	22.2	1.91	39	11¼	26.9	0.79	14.2	1.07	6.55
129	103	**Allied Security** security svcs	16.7	32.9	18.0	76.2	1.65	5	43	21.7	3.25	13.2	NA	8.27
130	137	**Ryan's Family Steak House** cafeteria-style restaurants	16.7	21.3	58.0	176.2	18.19	0	6	312.7	0.34	17.6	0.46	1.64
131	■	**Graco** fluid-handling pumps and sys	16.6	26.6	38.0	251.3	14.43	69	19½	133.4	1.80	10.8	2.35	7.81
132	■	**National Insurance Group** short-term fire insurance	16.6	65.3	90.0	15.9	3.29	2	16¼	68.7	0.79	20.6	1.30	2.08
133	163	**TJ Intl*** building materials	16.6	25.0	21.0	285.6	15.22	41	25	171.8	2.16	11.6	2.66	8.84
134	154	**Mentor Corp** surgical implants, health care prods	16.5	20.9	40.0	41.0	6.67	85	11⅝	126.3	0.60	19.4	0.87	2.93
135	141	**Oil-Dri Corp of America** absorbent materials	16.5	20.1	34.0	68.2	6.56	16	22½	127.3	1.18	19.1	1.42	5.99

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136	124	**Telxon** hele-transaction computers	16.5%	17.5%	31.0%	$130.6	$13.95	58%	15¼	$203.8	$1.05	15.0	$1.52	$6.17
137	133	**Thermo Instrument Sys** radiation and pollution instruments	16.5	20.8	26.0	95.1	7.86	40	11⅜	179.0	0.52	22.6	0.65	2.48
138	■	**Medicine Shoppe Intl** drugstores	16.4	21.2	24.0	22.6	5.54	0	25½	136.2	1.04	24.5	1.39	4.88
139	182	**Products Research & Chem** sealants, specialty chemicals	16.4	22.8	18.0	98.5	8.14	46	15⅞	128.4	0.96	16.5	1.16	4.48
140	■	**Alfa** insurance	16.3	25.3	13.0	170.7	18.03	0	12½	210.6	1.03	12.1	1.45	3.82
141	■	**G&K Svcs** linen rental	16.3	26.6	51.0	94.0	7.36	50	15¾	141.0	0.84	18.8	0.97	3.08
142	126	**Teledyne** auto, marine & aerospace pwr control equip	16.3	18.8	18.0	298.5	21.73	48	28½	302.8	2.00	14.3	2.50	10.87
143	■	**Trion** electronic air cleaners	16.3	16.6	12.0	44.4	2.63	37	9¾	40.0	0.65	15.0	0.92	3.84
144	104	**Daxor** sperm bank	16.2	26.2	48.0	6.4	3.71	0	5¾	30.5	0.70	8.2	NA	2.66
145	■	**DST Sys** computer software	16.2	19.2	17.0	137.3	19.22	38	14½	240.4	0.99	14.6	1.13	4.91

As a group, these 200 best small companies wield considerable financial power. Their aggregate profits exceed $2.3 billion; total market capitalization is over $36.7 billion.

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146	135	**Biomet** medical equip	16.0	19.9	55.0	112.5	15.24	2	23⅞	438.2	0.82	29.1	1.24	4.18
147	132	**Dionex** chromatography sys	16.0	20.7	26.0	69.6	11.58	0	24¾	236.7	1.22	20.3	1.50	5.96
148	■	**Piccadilly Cafeterias** cafeteria-style restaurants	15.9	15.2	12.0	234.6	10.64	0	14¼	134.6	1.14	12.5	1.34	7.58
149	■	**Polymer Intl** plastic packaging	15.8	23.4	67.0	93.0	7.81	31	9¼	61.0	1.18	7.8	0.81	5.06
150	152	**Regal-Beloit** cutting tools	15.8	23.0	26.0	132.4	9.91	43	17¼	153.7	1.12	15.4	1.70	4.82
151	■	**LS Starrett** precision hand tools	15.8	15.6	22.0	169.9	15.85	28	26⅜	182.1	2.30	11.5	2.50	14.72
152	■	**Watts Industries** valves	15.7	15.4	16.0	181.4	18.93	19	25½	320.6	1.50	17.0	1.85	9.78
153	■	**Roy F Weston** consulting and engineering svcs	15.7	23.1	54.0	167.3	4.99	20	15½	128.9	0.72	21.5	1.13	2.78
154	146	**Gerber Scientific** computer-aided drafting equip	15.6	18.4	18.0	271.7	30.74	7	19	463.7	1.20	15.8	1.76	6.86
155	■	**National Computer Sys** optical scanning equip	15.4	14.5	14.0	220.8	15.07	44	14⅛	250.5	0.86	17.0	1.28	6.11

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156	129	**Fabricland*** fabric stores	15.2%	16.2%	10.0%	$63.1	$2.39	39%	9⅞	$26.5	$0.89	11.1	$1.10	$5.50
157	■	**S-K-I Ltd** ski resorts	15.0	17.4	24.0	76.1	5.26	54	14⅛	66.6	1.16	12.6	1.42	6.75
158	■	**WH Brady** labels, faceplates, membrane switches	14.9	13.5	9.0	153.0	10.30	5	21	157.3	1.36	15.4	1.80	10.15
159	150	**ECC Intl†** training simulators	14.8	18.9	12.0	44.2	4.40	33	8⅞	40.7	0.96	9.2	1.20	5.24
160	145	**Vishay Intertechnology** precision instruments	14.8	20.0	22.0	109.0	15.51	9	30⅜	240.5	1.96	15.5	2.71	9.80
161	171	**Athey Products** street sweepers, hauling equip	14.7	18.3	31.0	41.1	4.02	3	12⅛	39.2	1.15	10.7	1.44	6.87
162	143	**Swift Energy** oil and gas explor & develop	14.7	67.3	55.0	12.8	4.45	0	7	28.2	1.11	6.3	1.70	1.63
163	131	**Sizzler Restaurants Intl** steak houses	14.6	16.8	19.0	299.1	19.45	37	17⅛	292.4	1.15	15.2	1.53	6.93
164	■	**Analysis & Technology** engineering svcs	14.5	15.9	11.0	79.5	2.90	26	14⅜	30.5	1.34	11.0	1.45	8.86
165	55	**Chili's** restaurants	14.4	16.6	24.0	218.3	8.14	88	27⅛	160.7	1.45	18.7	1.77	8.30
166	160	**Eldon Industries** office equip	14.4	17.2	16.0	94.5	7.07	0	16⅞	115.5	0.99	17.0	1.22	5.99
167	■	**MicroBilt** communications systems	14.4	19.9	39.0	24.0	3.93	25	11⅛	82.1	0.63	17.7	0.90	3.21
168	■	**Rockaway** mail processing and packaging equip	14.4	11.5	10.0	63.2	4.69	46	10⅜	70.2	0.70	14.8	1.10	6.03
169	■	**3Com** computer network equip	14.4	15.4	78.0	283.2	24.18	1	19¼	532.7	0.84	22.9	1.50	5.73
170	■	**Interface** carpet tile	14.2	14.9	22.0	299.1	17.32	54	15⅛	258.5	1.02	14.8	1.29	6.82
171	■	**MTS Sys** product-testing equip	14.1	27.2	28.0	119.1	8.81	23	21	92.6	1.96	10.7	2.42	11.65
172	166	**Tennant** industrial floor-care equip	14.1	15.3	12.0	176.2	10.66	4	25	132.4	2.01	12.4	2.35	13.13
173	162	**Pulaski Furniture** wooden furniture	14.0	15.4	11.0	114.1	5.54	57	17½	49.9	1.92	9.1	2.15	12.71
174	■	**Family Steak Houses of Fla** cafeteria-style restaurants	13.8	24.4	15.0	28.0	1.63	46	2⅜	24.8	0.15	15.8	0.25	0.64
175	81	**Acxiom‡** marketing services	13.7	17.5	27.0	61.2	3.78	68	15¼	71.0	0.88	17.3	1.17	4.75
176	■	**Jackpot Enterprises** coin-operated gambling machines	13.7	24.6	47.0	27.6	4.49	17	15¾	75.7	0.90	17.5	1.34	3.81
177	■	**Keystone Intl** valves	13.7	17.1	9.0	320.7	27.98	50	18¾	500.1	1.05	17.9	1.50	6.15
178	157	**S&K Famous Brands** men's discount apparel stores	13.7	18.8	10.0	47.5	1.99	65	12	24.7	0.97	12.4	1.30	5.14
179	■	**Simpson Industries** auto parts	13.5	15.0	34.0	157.8	7.58	49	14¼	89.8	1.20	11.9	2.25	8.02
180	■	**TCI Intl** antennas and specialized commun equip	13.5	19.3	17.0	57.7	4.67	4	16¼	52.3	1.36	11.9	1.82	8.05

■ Not on last year's list. *Formerly Fabric Wholesalers. NA: Not available. Stock prices as of Oct. 17. †Formerly Educational Computer.
‡Formerly CCX Network.

Sources: William O'Neil & Co.; Institutional Brokers Estimate System (IBES); Forbes.

The 200 Best Small Companies in America

Rank this year	Rank last year	Company/business	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Latest 12 mos sales (mil)	Latest 12 mos profits (mil)	Debt/ equity	Recent stock price	Market value (mil)	Latest 12 mos EPS	Latest 12 mos P/E	Est 1988 EPS	Book value/ share
181	■	**Programming & Sys** vocational schools	13.4%	17.0%	23.0%	$22.2	$2.05	0%	13¾	$24.7	$1.14	12.1	NA	$6.71
182	■	**Quaker Chemical** specialty chemicals	13.4	13.9	14.0	159.2	10.88	6	18	115.8	1.67	10.8	$1.98	12.13
183	195	**Guardsman Products** coatings and polishes	13.2	16.7	15.0	137.3	5.95	3	13⅞	68.7	1.21	11.5	1.27	7.23
184	161	**Isco** precision instruments	13.2	21.1	14.0	30.0	4.05	0	16	65.0	0.98	16.3	1.17	4.73
185	136	**Medex** health care equip	13.2	17.3	13.0	28.0	2.74	9	10⅞	42.8	0.70	15.5	0.82	4.04
186	■	**Weigh-Tronix** electronic scales	13.2	24.2	25.0	60.8	4.98	60	23½	61.9	1.91	12.3	NA	7.96
187	177	**LIN Broadcasting** broadcasting	13.1	17.9	16.0	259.4	66.86	13	58⅛	3,010.4	1.22	47.7	1.99	7.21
188	■	**Lawrence Ins Group** property and casualty insurance	13.0	42.0	88.0	70.7	6.63	0	11	120.6	0.62	17.7	NA	1.44
189	■	**Aspen Ribbons** printer ribbons	12.9	23.7	16.0	18.1	1.36	34	3¼	14.0	0.38	9.9	0.60	1.67
190	■	**Cimco** thermoplastics	12.9	15.7	29.0	44.3	2.88	15	15¼	36.6	1.20	12.7	NA	7.69

Had you purchased an equal dollar amount of each of last year's 200 best small companies right after the Oct. 19 market crash, your portfolio would be up 14.6%, vs. 10.2% for the Nasdaq and 5.2% for the S&P 500.

Rank this year	Rank last year	Company/business	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Latest 12 mos sales (mil)	Latest 12 mos profits (mil)	Debt/ equity	Recent stock price	Market value (mil)	Latest 12 mos EPS	Latest 12 mos P/E	Est 1988 EPS	Book value/ share
191	198	**Computer Entry Sys** optical character recognition equip	12.9	12.9	40.0	81.7	3.03	60	6⅛	29.7	0.61	10.0	0.85	4.85
192	196	**C&R Clothiers** apparel stores	12.9	24.7	48.0	64.6	1.52	4	24	24.1	1.48	16.2	NA	4.81
193	170	**Policy Mgmt Sys** computer software for ins cos	12.9	14.3	12.0	199.1	18.77	82	24⅛	390.1	1.17	21.2	1.59	8.32
194	■	**Groff Industries** building materials	12.5	15.9	9.0	37.2	1.47	0	20¾	18.7	1.56	13.0	NA	9.83
195	■	**Dyansen** retails fine art	12.4	21.2	15.0	29.3	1.11	34	2⅛	11.8	0.21	10.7	NA	1.00
196	■	**Healthcare Svcs Group** housekeeping svcs for nursing homes	12.3	10.8	15.0	33.6	1.88	0	9½	35.9	0.49	19.4	0.85	4.61
197	186	**Engraph** packaging materials	12.1	17.3	19.0	138.0	5.73	52	12¾	100.7	0.65	19.6	0.68	4.20
198	174	**Quarex Industries** wholesale & retail meat and groceries	12.1	30.2	20.0	161.3	1.64	54	5⅛	15.1	0.56	9.2	NA	1.84
199	■	**Myers Industries** tire svc equip, plastic parts	12.0	17.4	18.0	165.5	6.63	93	16	95.5	1.11	14.4	1.60	7.00
200	■	**Stepan** specialty chemicals	12.0	23.5	22.0	312.0	12.92	63	48	135.5	4.40	10.9	5.23	19.50

■ Not on last year's list. NA: Not available. Stock prices as of Oct. 17

Sources: William O'Neil & Co.; Institutional Brokers Estimate System (IBES); Forbes.

A diverse and talented bunch

As usual, the compensation of the men and women who run the 200 best small companies in America varied enormously last year, by type as well as by amount. John Scheck, the chief executive of 100th-ranked Giga-Tronics Inc., earned just $72,600 last year, all in salary. Donald Pels, of 187th-ranked LIN Broadcasting, took in $17.4 million, some $16.4 million of which was in the form of exercised stock options and other stock gains. Between least-paid Scheck and most-paid Pels are 198 executives with different compensation packages, ages, and educational and career paths.

A few notes on our methodology: *Salary + bonus* includes all cash and deferred payments plus directors' fees and commissions. *Other* includes payments made under long-term compensation plans, restricted stock awards vested or released from restrictions, thrift plan contributions, and company-provided insurance and cars.

Executive stock holdings were based on shares of beneficial interest, including stock held by an executive's wife or minor children, even if beneficial ownership was disclaimed. Excluded (where possible) was stock in which the executive shared control, shares held by foundations, parents and [illegible] by family members active in the business and options that were exercisable in the current year.

Chief executive/Company	Age	—Years— with co	as CEO	Undergraduate college	College degrees	——Compensation (000)—— salary + bonus	other	stock gains	total	—Stock owned— %	mkt value (000)
Frank J Feitz **ABI Am Businessphones**	44	8	8			$252.1	$1.9	—	$254.0	32.5%*	35,739
Charles D Morgan Jr **Acxiom**	45	16	5	U of Arkansas	BS	112.5	—	—	112.5	22.48	15,624
J Brendan Barba **AEP Industries**	47	18	18	Fairleigh Dickinson	BS	217.0	5.6	—	222.6	44.58*	13,768
Sam J Frankino **Agency Rent-A-Car**	64	19	19			225.8	9.4	—	235.2	60.25	245,118
Thomas A Prendergast **Air Cargo Equip**	54	5	3	Fordham	BS	24.0	—	—	24.0[1]	12.66	2,473
Goodwin L Myrick Alfa	**63**	**16**	**10**			—	—	—	—[2]	**44.71[3]**	**104,208**
Ben H Griffin Jr Alico	**78**	**27**	**15**			**97.1**	—	—	**97.1**	**0.12[4]**	**191**
Neal H Holmes Allied Security	**58**	**31**	**31**			**364.6**	**18.1**	—	**382.7**	**29.19**	**7,620**
Patricia J Defibaugh Aloette Cosmetics	**42**	**10**	**10**			**186.2**	—	—	**186.2**	**27.19**	**5,583**
Martin Lerner American List	**55**	**23**	**23**	**Brooklyn Poly**	**BS**	**424.0**	**28.1**	—	**452.1**	**10.39***	**3,067**
James C Edenfield[5] **American Software**	53	18	6	Georgia Inst of Tech	BS	300.3	2.0	—	302.3	18.05	28,287
Richard H Savage **Amwest Insurance Group**	69	18	18			317.6	26.2	—	343.8	37.03*	12,085
A T Mollegen Jr **Analysis & Technology**	51	17	12	Yale	BS	173.4	19.7	$42.8	235.9	4.69*	1,422
William J LaPointe **Andover Controls**	47	9	9	Northeastern	BA, MS, MBA	135.8	—	77.5	213.3	1.68	674
Eugene Applebaum **Arbor Drugs**	51	25	25	Wayne State	BS	450.0	—	—	450.0	54.81*	43,449

*Includes family holdings. †Less than 0.01%. ‡Fiscal 1987 data. §Multiple stock classes have been combined. [1]Consulting fee. [2]Executive officers are paid by Alfa Mutual Insurance Co. (which owns 38.7% of Alfa Corp.) under a management service contract. [3]Includes 6.5 mil shares of Alfa Mutual Insurance and 1.8 mil shares Alfa Mutual Fire Insurance Co. [4]Most of these shares are owned by Ben Hill Griffin, Inc, of which Messrs Ben H Griffin Jr, and Ben Hill Griffin III are directors. Ben Hill Griffin III is the son of Ben H Griffin Jr and vice chairman of Alico. [5]James C Newberry is co-CEO. His salary and bonus are the same as James C Edenfield's.

The 200 Best Small Companies' Chief Executives

Chief executive/Company	Age	—Years— with co	as CEO	Undergraduate college	College degrees	Compensation (000) salary + bonus	other	stock gains	total	Stock owned— %	mkt value (000)
Jeffrey M Sherman **Armor All Products**	39	10	3			$320.8	$23.2	—	$344.0	— †	$32
Edward H Arnold **Arnold Industries**	49	19	6	U of Notre Dame	— BS	365.8	30.0	—	395.8	31.64%*	60,978
Edward M Esber Jr **Ashton-Tate**	36	4	4	Case Western	BS, MS, MBA	874.1	5.5	$5,246.2	6,125.8	0.35	2,203
Peter C Williams **Aspen Ribbons**	42	11	11	U of Wyoming	BS	107.0	—	—	107.0	21.57	2,788
James D Cloonan **Athey Products**	55	5	5	Fenn College	BS	160.0	—	—	160.0	0.27	105
William P Condon **Avemco**	51	26	6	—		608.4	22.2	151.4	783.0	0.70*	1,548
Michael T Zak **BHA Group**	38	8	2			120.9	—	75.5	196.4	0.44§	204
Dane A Miller **Biomet**	42	11	11	Gen Motors Inst	BS, PhD	152.5	—	—	152.5	5.93*	25,964
Robert Shulman **Bolar Pharmaceutical**	55	28	28	Columbia	BS	306.5	—	187.9	494.4	12.40	47,686
Francis L Reed **Boston Acoustics**	55	9	9	Boston U	BA	210.8	—	—	210.8	37.27	8,021

Three of America's best small companies are headed by women: Jean Buttner of Value Line, Patricia DeFibaugh of Aloette Cosmetics, and Ann Lieff of Spec's Music. Last year only Ann Lieff was on this list. A trend?

James E Larson **WH Brady**	61	16	2	U of Wisconsin	BBA	364.2	—	—	364.2‡	0.23‡§	363
Ira B Brown **Brandon Sys**	61	20	20	Merch Marine Acad	BS, MS	249.6	—	2.5	252.1	51.29	14,994
Paul S Bush **Bush Industries**	52	29	17	Rensselaer Poly	BS	763.4	1.8	—	765.2	47.15*§	20,503
Paul S Reisbord **C&R Clothiers**	45	21	17	Northwestern	BA, MBA, PhD	495.6	—	—	495.6	58.38	17,935
Thomas A McConomy **Calgon Carbon**	55	33	3	Carnegie-Mellon	BS	332.1	—	—	332.1	26.77§	76,931
Cyril C Baldwin Jr **Cambrex**	61	7	7	Lehigh	BS	378.4	9.4	—	387.8	3.22	2,611
Richard F Brissette **Canonie Envir Svcs**	54	8	8	Carnegie-Mellon	BS	334.6	—	248.7	583.3	—	—
Michael R McKinney **CareerCom**	39	8	2	Wright State	BA	687.8	55.0	—	742.8	3.12	3,632
Michael J Collins **CEM**	46	10	10	U of Florida	BS, PhD	150.0	14.1	—	164.1	14.55	5,241
John G Rangos Sr **Chambers Development**	59	17	17			240.0	—	—	240.0	47.02§	240,857

*Includes family holdings. †Less than 0.01%. ‡Fiscal 1987 data. §Multiple stock classes have been combined.

The 200 Best Small Companies' Chief Executives

Chief executive/Company	Age	—Years— with co	as CEO	Undergraduate college	College degrees	——Compensation (000)—— salary + bonus	other	stock gains	total	—Stock owned— %	mkt value (000)
James P Argyropoulos **Cherokee Group**	44	16	16			$700.0	—	—	$700.0	10.52%*	$16,283
Norman E Brinker **Chili's**	57	5	5	San Diego State	BS	183.1	—	—	183.1	7.29	11,677
Russell T Gilbert **Cimco**	58	29	29	U of Arizona	BS	202.6	—	$386.4	589.0	18.28*	6,631
Richard T Farmer **Cintas**	53	31	20	Miami U (Ohio)	BA	314.5	$16.7	—	331.2	37.55*	169,425
James L Clayton **Clayton Homes**	54	22	22	U of Tennessee	BS, JD	262.5	—	—	262.5	49.44	73,576
Brian T Cunningham **Computer Entry Sys**	52	19	5	St Francis Coll (Pa)	BS	258.1	—	—	258.1	2.41*	715
Alyn V Essman **CPI**	56	32	15	Washington U (St L.)	BA	768.0	19.4	—	787.4	3.87	14,055
Forrest L Minix **Crawford & Co**	61	39	1	U of Georgia	BA	349.4	7.0	143.0	499.4	—†	194
Bradford R Boss **A T Cross**	55	30	9	U of Rhode Island	BS	437.5	35.7	—	473.2	18.62*§	97,876
Joseph Feldschuh MD **Daxor**	53	14	14	Columbia	BA, MD	—	—	—	—¶	54.61	16,672
Sigi Ziering **Diagnostic Products**	60	15	14	Brooklyn College	BS, MS, PhD	275.0	27.5	—	302.5	21.28*	50,542
Bertil D Nordin **Digital Commun Assocs**	54	7	7	Northwestern	BA, MBA	895.9	—	4,389.1	5,285.0	0.70	2,244
A Blaine Bowman **Dionex**	42	11	8	Brigham Young	BS, MBA	342.8	—	852.3	1,195.1	1.95	4,524
Elliot S Jaffe **Dress Barn**	62	26	26	U of Pa (Wharton)	BS	520.0	12.0	—	532.0	35.63	108,926
Howard Stein **Dreyfus**	62	33	23			1,715.1	799.4	—	2,514.5	2.77	30,239
Thomas A McDonnell **DST Sys**	43	20	4	Rockhurst College	BA, MBA	1,244.8	29.7	580.3	1,854.8	0.74*	2,195
Glen F Chatfield **Duquesne Sys**	45	18	12	Penn State	BS	241.9	—	—	241.9	9.75	19,000
Harris A Shapiro **Dyansen**	53	8	7	U of Pa (Wharton)	BS	202.5	8.0	—	210.5	31.39	3,719
Thomas R Pledger **Dycom Industries**	50	4	4			288.0	—	—	288.0	3.21	2,467
Landon T Clay **Eaton Vance**	62	20	17	Harvard	BA	435.8	29.6	718.2	1,183.6	27.06§	20,135
George W Murphy **ECC Intl**	52	18	18	Fordham	BS	259.0	51.4	—	310.4	1.93	763
Robert Silverstein **Eldon Industries**	65	39	39			325.2	—	524.0	849.2	12.77*	14,737
John E Pippin **Electromagnetic Sciences**	60	20	20	Georgia Inst of Tech	BS, PhD	274.5	—	—	274.5	1.67	1,079
Thorley D Briggs **Emcon Assocs**	57	8	3	Harvard	BA	74.8	20.2	107.9	202.9	3.40	1,411
Leo Benatar **Engraph**	58	7	7	Georgia Inst of Tech	BIE	323.9	25.2	30.6	379.7	3.26	3,284

*Includes family holdings. †Less than 0.01%. ‡Fiscal 1987 data. §Multiple stock classes have been combined. ¶Dr Feldschuh's compensation is less than $60,000.

The 200 Best Small Companies' Chief Executives

Chief executive/Company	Age	—Years— with co	as CEO	Undergraduate college	College degrees	Compensation (000) salary + bonus	other	stock gains	total	—Stock owned— %	mkt value (000)
Jack E Aalseth **ERC Intl**	55	12	12	U of Cal (San Diego)	BS	$356.7	—	—	$356.7	3.63%	$1,995
John M Kaiser **Expeditors Intl**	48	9	9			291.7	$0.8	—	292.5	6.61	6,424
Tony J Bosboom **Fabricland**	65	20	20			109.0	—	—	109.0	9.33*	2,474
Eddie L Ervin Jr **Family Steak Houses of Fla**	59	7	7	Erskine College	BA	130.0	—	—	130.0	17.54	4,371
Robert A Kierlin **Fastenal**	49	21	21	U of Minnesota	BS, MA	121.0	—	—	121.0	30.88	28,564
Albert L Ueltschi FlightSafety Intl	71	37	37			204.6	—	—	204.6	35.35	309,364
Charles B Johnson Franklin Resources	55	34	34	Yale	BS	418.2	72.5	—	490.7	20.62	114,362
Walter A Rhulen Frontier Insurance Group	57	26	26	U of Connecticut	BS	122.0	—	—	122.0	17.17§	7,340
Richard Fink G&K Svcs	58	24	18	U of Minnesota	BA, B. Phil.	195.9	8.8	—	204.7	9.02*§	12,739
Morris M Bennett Geodynamics	56	20	14	Long Beach State Coll	BS, MS	200.7	21.1	—	221.8	5.04	1,541
H Joseph Gerber **Gerber Scientific**	64	40	40	Rensselaer Poly	BS	451.4	—	—	451.4	12.31*	57,781
John W Scheck **Giga-Tronics**	58	8	8	Illinois Inst of Tech	BS	66.1	6.5	—	72.6	5.63	1,597
Ron E Doggett **GoodMark Foods**	53	27	3	Mankato State College	BBA	332.4	—	—	332.4	28.54*	15,864
David A Koch **Graco**	58	32	26	St Thomas College	BA	356.2	3.4	—	359.6	32.19	43,655
Robert S Thompson **Groff Industries**	55	27	2			151.8	—	—	151.8	2.48	474
Robert S Bowen Group 1 Software	50	5	2	Northwestern	BS, MBA	—	—	—	—[7]	0.36	144
Keith C Vander Hyde Guardsman Products	60	29	10			317.7	—	$27.9	345.6	0.83	565
J William Robinson John H Harland	68	38	19	U of Alabama	BS	377.5	3.6	—	381.1	1.97	14,228
Daniel P McCartney Healthcare Svcs Group	37	11	11	Villanova	BS	198.3	—	—	198.3	16.17	5,790
Russell A Gerdin Heartland Express	47	10	10	Moorhead St Coll (Minn)	BA	300.0	—	—	300.0	62.60	31,300
John W Henry **Jack Henry & Assocs**	53	11	11			132.4	3.0	—	135.4	35.76	4,668
Herbert H Freedland **Howell Industries**	51	30	17	U of Michigan	BA	275.0	26.9	—	301.9‡	52.68‡	12,762
Ronald J Naples **Hunt Manufacturing**	42	12	7	West Point	BS, MA, MBA	340.1	420.1	309.5	1,069.7	1.36	3,999
Terrence M Hunt **HWC Distribution**	40	13	13	Southern Methodist	BS	524.8	—	1,564.4	2,089.2	9.46§	5,963
Roger J Sippl **Informix**	33	8	8	U of Cal (Berkeley)	BS	157.9	—	—	157.9	8.09*	7,965

*Includes family holdings. †Less than 0.01%. ‡Fiscal 1987 data. §Multiple stock classes have been combined. [7]Management consulting agreement. Compensation not disclosed.

The 200 Best Small Companies' Chief Executives

Chief executive/Company	Age	—Years— with co	as CEO	Undergraduate college	College degrees	Compensation (000) salary + bonus	other	stock gains	total	—Stock owned— %	mkt value (000)
Kenneth A Eldred **Inmac**	45	12	12	Stanford	BA, MBA	$282.4	—	—	$282.4	30.84%	$38,840
Thomas W Haley **Innovex**	52	16	16	U of Minnesota	BA	81.0	—	—	81.0	20.59*	3,799
Ray C Anderson **Interface**	54	15	15	Georgia Inst of Tech	BA	240.0	$3.4	—	243.4	10.15	26,110
Carl L Bixby **Interface Sys**	49	19	19	U of Michigan	BBS/BBS	179.4	12.6	—	192.0	3.80	1,050
Sam N Wilson **Intertrans**	53	10	10	North Texas State	BA	117.2	—	—	117.2	7.00	3,643
Michael P Sullivan **Intl Dairy Queen**	53	14	1	Marquette	BS, JD	—	—	—	—[¶]	0.11	138
Robert W Allington **Isco**	53	29	27	U of Nebraska	BS, MS	172.0	10.2	—	182.2‡	51.00§	33,102
Donald D Iverson **Iverson Technology**	56	6	6	Stetson	BS	270.0	95.0	—	365.0	43.59	17,922
Neil Rosenstein **Jackpot Enterprises**	62	8	8	CCNY	BA	292.7	2.0	$3.8	298.5‡	5.72‡	4,322
Robert S Fremont **Juno Lighting**	63	12	12	NYU	BA	393.3	26.6	—	419.9	13.19	23,858

Of these 200 executives, 48 made it to the top without a college degree. Another fact: As a result of last year's market crash, only 39 of these executives exercised stock options in their last fiscal year. Donald A. Pels of LIN Broadcasting made the most from options, $16.4 million.

Chief executive/Company	Age	—Years— with co	as CEO	Undergraduate college	College degrees	Compensation (000) salary + bonus	other	stock gains	total	—Stock owned— %	mkt value (000)
Raymond A LeBlanc **Keystone Intl**	58	33	3	U of Detroit	BBS	579.7	30.0	—	609.7	0.62	3,090
Michael King **King World Productions**	40	15	4	Fairleigh Dickinson	BA	725.0	—	—	725.0	8.78*	55,509
Lawrence A Shore **Lawrence Insurance Group**	60	3	2	Michigan State	BA	240.0	—	—	240.0	0.15*	180
Daniel J Meyo **Lawson Products**	58	23	5			232.6	20.5	—	253.1	0.29*	1,082
Robert S Kendall **LDI**	49	16	16	Case Western	BA	479.8	35.0	—	514.8	21.75	13,958
Lloyd G Schermer **Lee Enterprises**	61	34	15	Amherst College	BBA, MBA	469.0	—	2,042.1	2,511.1	3.97*	26,685
Donald A Pels **LIN Broadcasting**	60	19	19	U of Pennsylvania	BS, JD	928.3	21.7	16,428.0	17,378.0	1.26*	38,072
Robert W Lindal **Lindal Cedar Homes**	41	20	7	U of British Columbia	BE	175.8	5.2	107.3	288.3	11.12	1,639
Samuel B Davis **Liqui-Box**	46	25	6			448.1	11.5	133.1	592.7	10.51	9,090
Robert J Ready **LSI Lighting Systems**	48	12	12	Babson College	BBS	366.0	32.0	—	398.0	9.21*	3,425

*Includes family holdings. †Less than 0.01%. ‡Fiscal 1987 data. §Multiple stock classes have been combined. ¶New CEO, compensation data not available.

The 200 Best Small Companies' Chief Executives

Chief executive/Company	Age	—Years— with co	as CEO	Undergraduate college	College degrees	Compensation (000) salary + bonus	other	stock gains	total	—Stock owned— %	mkt value (000)
John B Lahourcade **Luby's Cafeterias**	63	19	6	U of Texas	BBA	$253.8	$131.0	—	$384.8‡	1.23%*‡	$5,482
Joseph F Gloudeman **MacNeal-Schwendler**	53	10	3	Marquette	BS, MS, Dr Ing	278.0	—	$56.5	334.5	3.21	4,708
John S Nadolski **Marietta**	37	13	13	Syracuse	BA	150.0	—	—	150.0	17.45	4,376
Kenneth D McClain **McClain Industries**	47	20	20			175.0	—	—	175.0	48.27*	12,259
Robert P McGrath **McGrath RentCorp**	54	9	9	U of Notre Dame	BS	233.7	19.0	—	252.7	28.81*	18,258
Craig Waldbillig **Medex**	62	29	17	Boston U	BS	172.1	4.0	—	176.1	13.70*	5,861
Jerome F Sheldon **Medicine Shoppe Intl**	53	9	8	Brooklyn College	BA, MBA, JD	349.8	3.7	—	353.5	3.24	4,432
James W Crook **Melamine Chemicals**	58	16	1			160.0	0.3	—	160.3	0.28	182
Christopher J Conway **Mentor Corp**	49	19	19			225.1	—	—	225.1	2.73	3,453
P E Sadler **MicroBilt**	53	5	5	Vanderbilt	BS	120.0	4.8	—	124.8	39.42*	26,934
William N Mayer **Modern Controls**	58	16	1	U of Wisconsin	BS	145.8	1.0	—	146.8	3.24*	697
Mario M Morino **Morino Assocs**	45	15	15	Case Western	BBA	360.0	30.0	—	390.0	35.34	51,321
Donald M Sullivan **MTS Sys**	52	10	1	U of Minnesota	BS, BA	163.2	6.2	93.5	262.9‡	0.49*‡	449
Stephen E Myers **Myers Industries**	44	25	4	Harvard	BA, MBA	166.3	4.9	2.8	174.0	10.51*	9,134
Roy McKnight **Mylan Labs**	67	13	12	Princeton	BSE	270.9	18.8	—	289.7	3.87	12,775
Richard Soloway **Napco Security Sys**	42	16	7			358.0	—	—	358.0‡	20.56*‡	11,635
Charles W Oswald **National Computer Sys**	60	18	18	U of Kansas	BA, MBA	274.8	16.0	—	290.8	11.88*	29,543
Mark A Speizer **National Insurance Group**	45	16	2			300.0	—	—	300.0	48.39	19,013
Lloyd E Cotsen **Neutrogena**	59	31	21	Princeton	BA, MBA	1,005.6	60.8	—	1,066.4	39.89*	240,448
Richard H Rhoads **New England Business Svcs**	58	23	13	U of Virginia	BA, MBA	424.0	3.7	—	427.7	6.48*	24,084
NY Marine & Gen Ins[9]						—	—	—	—	—	—
William P Madar **Nordson**	49	3	3	Purdue	BS, MBA	740.0	10.0	—	750.0	0.32	1,298
Robert C Mitchell **Northwest Teleproductions**	55	19	10	U of Minnesota	BA	213.4	4.7	—	218.1	3.50*	458
William C Killgallon **Ohio Art**	49	20	10	Ohio State	BS	399.0	—	—	399.0	16.26	3,880
Richard M Jaffee **Oil-Dri Corp of America**	52	31	28	U of Wisconsin	BA	291.4	—	86.1	377.5	18.84*	23,083

*Includes family holdings. †Less than 0.01%. ‡Fiscal 1987 data. §Multiple stock classes have been combined. [9]John N Blackman, founder & CEO, passed away recently. Company has not designated a new CEO.

The 200 Best Small Companies' Chief Executives

Chief executive/Company	Age	—Years— with co	—Years— as CEO	Undergraduate college	College degrees	Compensation (000) salary + bonus	Compensation (000) other	Compensation (000) stock gains	Compensation (000) total	Stock owned %	Stock owned mkt value (000)
Perry Levine **Par Pharmaceutical**	67	10	10			$472.0	—	—	$472.0	6.55%*	$8,846
B Thomas Golisano **Paychex**	47	17	17			242.6	$16.0	—	258.6	17.28*	39,636
Donald B Dahlin **PCS**	38	7	7	U of Tulsa	BS	372.4	9.5	—	381.9	—†	23
Irving Levit **Penn Treaty American**	59	17	17			116.2	—	—	116.2[10]	62.44	11,820
James C Malmberg **Piccadilly Cafeterias**	51	31	4	Louisiana State	BS, MBA	236.0	0.5	—	236.5‡	1.13*‡	1,568
John F Cogan Jr **Pioneer Group**	62	26	25	Harvard	BS, JD	409.4	—	—	409.4	17.28	18,452
G Larry Wilson **Policy Mgmt Sys**	42	22	7	U of South Carolina	BS, MBA	1,128.4	15.1	$161.2	1,304.7	0.73	2,836
Van L McNeel **Polymer Intl**	63	25	25	U of Alabama	LLD	242.9	—	—	242.9	86.36*	41,972
Raymond D Stevens Jr **Pratt & Lambert**	61	20	17	U of Pennsylvania	BS	350.0	2.6	—	352.6	7.29*	7,329
George J Collins **T Rowe Price Assocs**	48	16	4	Virginia Mil Inst	BA, MBA	540.0	45.7	—	585.7	3.60*	8,266
Dean M Willard **Products Research & Chem**	42	16	1	Cal State (Long Beach)	BA	598.8	—	—	598.8	0.96	1,218
Irwin Mautner **Programming & Sys**	55	29	25	City University of NY	BBA	436.2	131.6	—	567.8	26.34*	6,504
Bernard C Wampler **Pulaski Furniture**	57	33	21	North Carolina State	BS	292.3	—	66.0	358.3	4.30	2,128
Peter A Benoliel **Quaker Chemical**	57	27	22	Princeton	BA	286.3	8.6	27.5	322.4	14.37*	16,652
Frank Castellana **Quarex Industries**	33	15	6			146.0	—	—	146.0	13.97	2,111
John C Warner **Quikailver**	41	2	1	U of Tulsa	BS	275.0	—	—	275.0[11]	—†	34
Alan M Zimmer **Reeds Jewelers**	29	7	3	U of Georgia	BBA, MBA	152.3	6.9	—	159.2	20.24*	5,082
James L Packard **Regal-Beloit**	46	9	4			239.7	—	107.6	347.3	0.93	1,442
Carl H Lindner **Republic American**	69	15	15			21.3	—	—	21.3[12]	17.53[13]	48,083
Gerald E McGinnis **Respironics**	54	17	17	U of Illinois	BS, MS	84.5	250.2	—	334.7	17.07	3,465
John J Cahill **Rockaway**	56	20	15	Lehigh	BS	251.3	—	—	251.3	0.85	597
John W Rollins Sr **Rollins Environmental Svcs**	72	20	1			450.0	—	—	450.0	7.82*	65,443
T Mark McCall **Ryan's Family Steak House**	30	10	2	The Citadel	BS	101.6	—	—	101.6	0.68	2,137
Stuart C Siegel **S&K Famous Brands**	45	21	3	East Carolina	BS	418.0	15.2	—	433.2	48.59	12,012
Paul B Shore **Shorewood Packaging**	67	22	22			490.0	120.3	—	610.3	13.14*	27,018

*Includes family holdings. †Less than 0.01%. ‡Fiscal 1987 data. §Multiple stock classes have been combined. [10]Mr Levit also receives commissions from the Irv Levit Insurance Management Corp. [11]Annualized salary. [12]Director's fee. [13]Owned indirectly through American Financial Corp.

The 200 Best Small Companies' Chief Executives

Chief executive/Company	Age	—Years— with co	as CEO	Undergraduate college	College degrees	——Compensation (000)—— salary + bonus	other	stock gains	total	—Stock owned— %	mkt value (000)
Thinh Q Tran **Sigma Designs**	35	7	7	U of Wisconsin	BS, MS	$77.0	—	—	$77.0	7.72%	$5,520
Robert W Navarre **Simpson Industries**	55	24	21	U of Notre Dame	BA	271.3	$6.7	—	278.0	1.26*	1,130
Thomas L Gregory **Sizzler Restaurants Intl**	53	14	8	Michigan State	BS	327.1	30.0	—	357.1	0.91	2,665
Preston L Smith **S-K-I Ltd**	58	30	30	Earlham College	BS	457.0	—	—	457.0	12.20	8,009
Peter C Beshouri **Sound Advice**	33	15	6			148.2	—	—	148.2‡	16.36‡	3,103
Terry N Worrell **Sound Warehouse**	43	14	14	Midwestern	BA, MBA	306.0	—	—	306.0	35.83*	27,960
George W Sztykiel **Spartan Motors**	59	13	13	London U College	BS	82.9	4.7	—	87.6	19.21	5,197
Ann S Lieff **Spec's Music**	36	14	8	U of Denver	BS	117.0	16.9	—	133.9	31.51	9,586
Douglas R Starrett **LS Starrett**	68	36	36	Dartmouth College	BA	216.0	—	—	216.0	2.56	4,658
F Quinn Stepan **Stepan**	51	27	4	U of Notre Dame	BA, MBA	454.7	14.6	$113.6	582.9	16.36*	22,157

Is big better? The median total compensation for bosses of the country's 200 best small companies was $300,000, versus a median $762,253 for the heads of America's 800 largest companies. The best paid of the small company heads: LIN Broadcasting's Donald A. Pels, at $17.4 million total compensation. Worst paid: Giga-Tronics' John Scheck, at $72,300.

Larry A Dean **Stockholder Sys**	46	17	17	Georgia Inst of Tech	BS, MBA	262.0	—	—	262.0	41.59*§	13,773
John W Brown **Stryker**	54	11	11	Auburn	BA	295.0	28.7	—	323.7	4.85	15,901
Louis L Borick **Superior Industries Intl**	64	31	31			625.0	—	—	625.0	29.52*	38,200
A Earl Swift **Swift Energy**	55	9	9	U of Oklahoma	BS, JD	270.5	2.1	—	272.6	9.18	2,603
Sy Syms **Syms**	62	29	29	NYU	BA	777.0	57.2	—	834.2	55.89	115,913
John E Steuri **Systematics**	49	0	0	U of Kansas	BS	200.0	—	—	300.0[14]	—†	—
Walter C Minnick **TJ Intl**	46	14	2	Whitman Coll	BS, MBA, JD	265.8	9.3	260.9	536.0	0.73	1,255
John W Ballard **TCI Intl**	55	20	14	Dartmouth	BA, MS, MBA	303.1	—	—	303.1	13.71	6,703
Victor A Rocchio **Technalysis**	61	21	21	U of Minnesota	BA	260.5	—	134.3	394.8	17.68	2,779
Lennox K Black **Teleflex**	58	27	16	McGill U (Montreal)	BCOM	331.2	45.4	—	376.6	3.77	11,409

*Includes family holdings. †Less than 0.01%. ‡Fiscal 1987 data. §Multiple stock classes have been combined. [14]John E Steuri took office Oct 1988. Salary is annualized.

The 200 Best Small Companies' Chief Executives

Chief executive/Company	Age	—Years— with co	as CEO	Undergraduate college	College degrees	——Compensation (000)—— salary + bonus	other	stock gains	total	—Stock owned— %	market value (000)
Raymond D Meyo **Telxon**	45	16	3	U of Notre Dame	BA, JD	$390.0	$4.9	$1,638.6	$2,033.5	1.10%	$2,237
Roger L Hale **Tennant**	53	27	12	Brown	BA, MBA	328.8	8.2	—	337.0	3.29	4,360
David H Weis **Thermal Industries**	57	28	28	U of Pittsburgh	BBA	128.0	5.6	—	133.6	58.78	5,938
Arvin H Smith **Thermo Instrument Sys**	59	5	2	Texas Christian	BA	120.0	—	—	120.0‡[15]	0.21‡[16]	370
L William Krause **3Com**	46	7	6	The Citadel	BS	250.4	—	—	250.4	2.49	13,121
Melvin J Gordon **Tootsie Roll Industries**	68	36	26	Harvard	AB, MBA	472.8	30.0	—	502.8	18.46[17]	51,648
Richard W Usery **Total System Svcs**	41	23	6	Auburn	BS	176.1	23.4	—	199.5	0.37	1,275
Arland D Dunn **Traditional Industries**	49	12	12			233.3	—	—	233.3	26.57*	8,052
Robert J Higgins **Trans World Music**	47	15	15			810.5	73.7	—	884.2	68.98*	158,406
Hugh E Carr **Trion**	56	20	13	Penn State	BS	149.7	1.4	—	151.1	5.54	2,220
Richard E Grey **Tyco Toys**	53	30	3	UCLA	BS	1,554.5	—	—	1,554.5	2.03	1,457
Henry D Sahakian **Uni-Marts**	51	26	26			191.0	—	—	191.0	17.86*§	7,655
John Fanning **Uniforce Temp Personnel**	57	34	34			199.8	—	—	199.8	38.33	19,680
Jean B Buttner **Value Line**	53	24	1	Vassar College	BA	188.9	—	—	188.9	80.50*	170,166
James E Mohrhauser **Versa Technologies**	66	18	18			232.6	—	104.5	337.1	9.51*	7,219
Ronald D Ordway **Video Display**	46	13	13			80.0	—	—	80.0	46.29*	15,399
Felix Zandman **Vishay Intertechnology**	60	26	26	U of Nancy (France)	ME, PhD	417.9	—	—	417.9	15.09§	36,301
Robert E Cook **VM Software**	47	7	5	Indiana U of Pa	BS, MBA	171.9	49.1	—	221.0	18.95*	16,528
Timothy P Horne **Watts Industries**	50	29	10	Trinity College	BA	512.0	—	—	512.0	12.18*[18]	39,066
John S Barry **WD-40**	64	19	19	U of Minnesota	BS, MBA	350.0	32.5	108.5	491.0	3.13*	7,775
Richard S Bradley **Weigh-Tronix**	60	16	8			280.0	8.7	—	288.7	2.38	1,450
Thomas M Duff **Wellman**	41	17	3	Rutgers	BA	344.8	42.4	—	387.2	3.42	19,115
Roy F Weston **Roy F Weston**	77	31	31	U of Wisconsin	BS, MCE	336.7	46.8	—	383.5	9.53§	11,991
Arthur L Williams **AL Williams**	46	11	7	Mississippi State	BS, MS	145.0	—	—	145.0[19]	15.83	53,816
Thomas M Owens **XL/Datacomp**	51	9	9	Loyola U (Ill)	BS	275.0	—	—	275.0	25.93*	45,163

*Includes family holdings. †Less than 0.01%. ‡Fiscal 1987 data. §Multiple stock classes have been combined. [15]Annualized salary paid by Thermo Electron, parent company. [16]Holdings are through a proportionate interest in Thermo Electron. [17]Includes shares jointly held with Mrs. Gordon, a company officer. [18]Excludes shares held in family trust. [19]Arthur L Williams also receives substantial commissions from Mass Indemnity & Life Ins, a subsidiary of Primerica. Primerica owns 17% of AL Williams.

Company Directory

Want to find out more about the 200 best small companies? This alphabetical directory tells how to contact them and shows their relative rankings by return on equity, sales, profits and market value. Use the 5-year average ROE ranking to find a company in the tables beginning on page 285.

			Where they rank					
Company	Exch	Ticker	5-year average ROE	sales	profit	market value	City, state	Telephone
ABI Am Businessphones	a	AB	62	164	189	192	Irvine, CA	(714) 472-2200
Acxiom	o	ACXM	175	121	144	117	Conway, AR	(501) 329-6836
AEP Industries	o	AEPI	71	100	142	160	Moonachie, NJ	(201) 935-6500
Agency Rent-A-Car	o	AGNC	48	42	24	23	Solon, OH	(216) 349-1000
Air Cargo Equipment	o	ARCE	103	178	177	188	Rancho Dominguez, CA	(213) 603-1996
Alfa	o	ALFA	140	52	41	57	Montgomery, AL	(205) 288-3900
Alico	o	ALCO	110	179	97	71	LaBelle, FL	(813) 675-2966
Allied Security	o	ASCY	129	109	186	182	Pittsburgh, PA	(412) 884-2636
Aloette Cosmetics	o	ALET	45	188	167	186	Malvern, PA	(215) 644-8200
American List	a	AMZ	33	199	182	166	Great Neck, NY	(516) 466-0602
American Software	o	AMSWA	122	125	66	70	Atlanta, GA	(404) 261-4381
Amwest Insurance Group	a	AMW	106	183	151	173	Woodland Hills, CA	(818) 704-1111
Analysis & Technology	o	AATI	164	106	153	162	North Stonington, CT	(203) 599-3910
Andover Controls	o	ANDO	126	177	156	147	Andover, MA	(617) 470-0555
Arbor Drugs	o	ARBR	88	23	105	110	Troy, MI	(313) 643-9420
Armor All Products	o	ARMR	50	74	25	18	Irvine, CA	(714) 553-1003
Arnold Industries	o	ARND	81	80	61	63	Lebanon, PA	(717) 274-2521
Ashton-Tate	o	TATE	44	10	6	8	Torrance, CA	(213) 329-8000
Aspen Ribbons	o	ARIB	189	186	197	196	Lafayette, CO	(303) 666-5750
Athey Products	o	ATPC	161	147	140	150	Raleigh, NC	(919) 556-5171
Avemco	n	AVE	97	86	34	55	Frederick, MD	(301) 694-5700
BHA Group	o	BHAGA	47	142	166	139	Kansas City, MO	(816) 356-8400
Biomet	o	BMET	146	87	50	22	Warsaw, IN	(219) 267-6639
Bolar Pharmaceutical	a	BLR	111	77	22	27	Copiague, NY	(516) 842-8383
Boston Acoustics	o	BOSA	46	185	172	183	Peabody, MA	(617) 532-2111
WH Brady	o	BRCOA	158	65	77	72	Milwaukee, WI	(414) 332-8100
Brandon Systems	o	BRDN	27	171	175	167	Secaucus, NJ	(201) 392-0800
Bush Inds	a	BSH	35	99	123	140	Jamestown, NY	(716) 665-2000
Calgon Carbon	o	CRBN	29	44	21	10	Pittsburgh, PA	(412) 787-6700
Cambrex	o	CBAM	76	85	98	116	Bayonne, NJ	(201) 858-7900
Canonie Environmental Svcs	o	CANO	10	135	110	78	Porter, IN	(219) 926-8651
CareerCom	n	PTA	73	67	95	94	Lemoyne, PA	(717) 774-1477

a: American Stock Exchange. n: New York Stock Exchange. o: over-the-counter.

Sources: William O'Neil & Co.; Forbes

Company Directory

Company	Exch	Ticker	Where they rank: 5-year average ROE	sales	profit	market value	City, state	Telephone
CEM	o	CEMX	72	195	183	154	Matthews, NC	(704) 821-7015
Chambers Development	a	CDVB	105	93	52	15	Pittsburgh, PA	(412) 242-6237
Cherokee Group	o	CHKE	82	63	64	73	Sunland, CA	(818) 951-1002
Chili's	o	CHLI	165	32	88	69	Dallas, TX	(214) 980-9917
Cimco	o	CIMC	190	143	155	153	Costa Mesa, CA	(714) 546-4460
Cintas	o	CTAS	114	35	40	17	Cincinnati, OH	(513) 489-4000
Clayton Homes	n	CMH	120	36	58	75	Knoxville, TN	(615) 970-7200
Computer Entry Systems	o	CESC	191	104	150	165	Silver Spring, MD	(301) 622-3500
CPI	o	CPIC	65	3	19	28	St Louis, MO	(314) 231-1575
Crawford & Co	o	CRAW	94	14	43	45	Atlanta, GA	(404) 256-0830
AT Cross	a	ATXA	67	38	12	14	Lincoln, RI	(401) 333-1200
C&R Clothiers	o	CLTH	192	117	190	180	Culver City, CA	(213) 559-8200
Daxor	a	DXR	144	200	145	163	New York, NY	(212) 935-1430
Diagnostic Prods	n	DP	107	149	72	50	Los Angeles, CA	(213) 776-0180
Digital Commun Associates	n	DCA	127	28	9	33	Alpharetta, GA	(404) 442-4000
Dionex	o	DNEX	147	114	70	51	Sunnyvale, CA	(408) 737-0700
Dress Barn	o	DBRN	24	39	46	38	Stamford, CT	(203) 327-4242
Dreyfus	n	DRY	65	17	1	2	New York, NY	(212) 715-6000
DST Systems	o	DSTS	145	69	33	49	Kansas City, MO	(816) 435-1000
Duquesne Systems	o	DUQN	115	137	78	62	Pittsburgh, PA	(412) 323-2600
Dyansen	o	DYAN	195	167	199	199	New York, NY	(212) 644-5100
Dycom Industries	o	DYCO	123	82	129	112	W Palm Beach, FL	(407) 659-6301
Eaton Vance	o	EAVN	51	133	69	108	Boston, MA	(617) 482-8260
ECC Intl	n	ECC	159	144	133	146	Strafford, PA	(215) 687-2600
Eldon Industries	n	ELD	166	95	100	96	Inglewood, CA	(213) 642-7716
Electromagnetic Sciences	o	ELMG	116	113	94	124	Norcross, GA	(404) 448-5770
Emcon Associates	o	MCON	87	176	169	144	San Jose, CA	(408) 275-1444
Engraph	o	ENGH	197	68	116	99	Atlanta, GA	(404) 329-0332
ERC Intl	n	ERC	92	72	120	133	Fairfax, VA	(703) 246-0200
Expeditors Intl	o	EXPD	36	66	109	101	Seattle, WA	(206) 246-3711
Fabricland	o	FBRC	156	119	168	174	Portland, OR	(503) 666-4511
Family Steak Houses of Fla	o	RYFL	174	168	188	176	Neptune Beach, FL	(904) 249-4197
Fastenal	o	FAST	38	172	170	104	Winona, MN	(507) 454-5374
FlightSafety Intl	n	FSI	112	64	5	3	Flushing, NY	(718) 565-4100
Franklin Resources	n	BEN	4	41	3	12	San Mateo, CA	(415) 570-3000
Frontier Insurance Group	o	FRTR	89	150	101	145	Monticello, NY	(914) 794-8000
Geodynamics	o	GDYN	80	146	152	161	Santa Barbara, CA	(805) 964-9905
Gerber Scientific	n	GRB	154	16	14	19	South Windsor, CT	(203) 644-1551
Giga-Tronics	o	GIGA	100	189	147	168	Pleasant Hill, CA	(415) 680-8160
GoodMark Foods	o	GDMK	11	79	136	132	Raleigh, NC	(919) 790-9940
Graco	n	GGG	131	20	56	84	Minneapolis, MN	(612) 623-6000
Groff Industries	o	GROF	194	153	194	191	Tampa, FL	(813) 961-1331

a: American Stock Exchange. n: New York Stock Exchange. o: over-the-counter.

Sources: William O'Neil & Co.; Forbes

Company Directory

Company	Exch	Ticker	Where they rank: 5-year average ROE	sales	profit	market value	City, state	Telephone
Group 1 Software	o	GSOF	21	193	173	149	Greenbelt, MD	(301) 982-2000
Guardsman Products	n	GPI	183	70	114	119	Grand Rapids, MI	(616) 957-2600
G&K Services	o	GKSRA	141	97	96	79	Minneapolis, MN	(612) 546-7440
John H Harland	n	JH	60	7	7	5	Decatur, GA	(404) 981-9460
Healthcare Services Group	o	HCSG	196	158	184	155	Huntingdon Valley, PA	(215) 938-1661
Heartland Express	o	HTLD	23	163	135	137	Coralville, IA	(319) 645-2728
Jack Henry & Associates	o	JKHY	32	187	200	197	Monett, MO	(417) 235-6652
Howell Industries	a	HOW	74	130	141	179	Southfield, MI	(313) 424-8220
Hunt Manufacturing	n	HUN	118	51	53	40	Philadelphia, PA	(215) 732-7700
HWC Distribution	o	HWCD	13	88	113	130	Houston, TX	(713) 635-4600
Informix	o	IFMX	43	116	111	100	Menlo Park, CA	(415) 322-4100
Inmac	o	INMC	31	29	80	88	Santa Clara, CA	(408) 727-1970
Innovex	o	INVX	63	173	191	187	Hopkins, MN	(612) 938-4155
Interface	o	IFSIA	170	4	42	44	LaGrange, GA	(404) 882-1891
Interface Systems	o	INTF	95	174	159	170	Ann Arbor, MI	(313) 769-5900
Intertrans	o	ITRN	85	78	154	134	Irving, TX	(214) 929-8888
Intl Dairy Queen	o	INDQA	9	25	35	36	Minneapolis, MN	(612) 830-0200
Inco	o	ISKO	184	165	139	123	Lincoln, NE	(402) 464-0231
Iverson Technology	a	IVT	26	126	134	143	McLean, VA	(703) 749-1200
Jackpot Enterprises	n	J	176	170	130	115	Las Vegas, NV	(702) 369-3424
Juno Lighting	o	JUNO	37	124	67	65	Des Plaines, IL	(312) 827-9880
Keystone Intl	n	KII	177	1	16	16	Houston, TX	(713) 466-1176
King World Productions	n	KWP	2	13	4	6	Short Hills, NJ	(201) 522-0100
Lawrence Insurance Group	a	LWR	188	112	106	93	New York, NY	(212) 674-8753
Lawson Products	o	LAWS	91	62	29	25	Des Plaines, IL	(312) 827-9666
LDI	o	LDIC	59	57	119	125	Cleveland, OH	(216) 587-0100
Lee Enterprises	n	LEE	56	21	10	7	Davenport, IA	(319) 383-2202
LIN Broadcasting	o	LINB	187	18	2	1	New York, NY	(212) 765-1902
Lindal Cedar Homes	o	LNDL	109	145	174	195	Seattle, WA	(206) 725-0900
Liqui-Box	o	LIQB	68	105	102	107	Worthington, OH	(614) 888-9280
LSI Lighting Systems	o	LYTS	90	152	157	152	Cincinnati, OH	(513) 793-3200
Luby's Cafeterias	n	LUB	93	22	17	20	San Antonio, TX	(512) 654-9000
MacNeal-Schwendler	a	MNS	54	151	83	76	Los Angeles, CA	(213) 258-9111
Marietta	o	MRTA	128	181	181	172	Cortland, NY	(607) 753-6746
McClain Industries	o	MCCL	102	157	176	158	Sterling Heights, MI	(313) 264-3611
McGrath RentCorp	o	MGRC	84	156	112	126	San Lorenzo, CA	(415) 276-2626
Medex	o	MDEX	185	169	160	142	Hilliard, OH	(614) 876-2413
Medicine Shoppe Intl	o	MSII	138	180	117	80	St Louis, MO	(314) 993-6000
Melamine Chemicals	o	MTWO	1	159	103	122	Donaldsonville, LA	(504) 473-3121
Mentor Corp	o	MNTR	134	148	104	92	Santa Barbara, CA	(805) 967-3451
MicroBilt	o	BILT	167	175	143	109	Atlanta, GA	(404) 955-0313
Modern Controls	o	MOCO	108	198	192	184	Minneapolis, MN	(612) 560-2900

a: American Stock Exchange. n: New York Stock Exchange. o: over-the-counter.

Sources: William O'Neil & Co.; Forbes

Company Directory

Company	Exch	Ticker	Where they rank: 5-year average ROE	sales	profit	market value	City, state	Telephone
Morino Associates	o	MOAI	14	139	86	77	Vienna, VA	(703) 734-9494
MTS Systems	o	MTSC	171	81	85	103	Minneapolis, MN	(612) 937-4000
Myers Industries	a	MYE	199	56	107	102	Akron, OH	(216) 253-5592
Mylan Labs	n	MYL	17	92	18	31	Pittsburgh, PA	(412) 232-0100
Napco Security Systems	o	NSSC	34	155	137	131	Amityville, NY	(516) 842-9400
National Computer Systems	o	NLCS	155	30	54	46	Minneapolis, MN	(612) 829-3000
National Insurance Group	o	NAIG	132	192	146	120	San Bruno, CA	(415) 872-6772
Neutrogena	o	NGNA	19	54	30	9	Los Angeles, CA	(213) 642-1150
New England Business Services	o	NEBS	52	34	26	26	Groton, MA	(508) 448-6111
New York Marine & Genl Ins	o	NYMG	121	107	49	86	New York, NY	(212) 953-0580
Nordson	o	NDSN	113	24	15	21	Westlake, OH	(216) 892-1580
Northwest Teleproductions	o	NWTL	58	197	195	198	Minneapolis, MN	(612) 835-4455
Ohio Art	a	OAR	61	120	138	181	Bryan, OH	(419) 636-3141
Oil-Dri Corp of America	o	OILC	135	115	108	91	Chicago, IL	(312) 321-1515
Par Pharmaceutical	n	PRX	77	96	68	82	Spring Valley, NY	(914) 425-7100
Paychex	o	PAYX	69	101	90	52	Rochester, NY	(716) 385-6666
PCS	o	PCSI	7	103	65	58	Scottsdale, AZ	(602) 391-4600
Penn Treaty American	o	PTAC	30	190	158	190	Allentown, PA	(215) 437-9617
Piccadilly Cafeterias	o	PICC	148	26	76	83	Baton Rouge, LA	(504) 293-9440
Pioneer Group	o	PIOG	28	128	60	97	Boston, MA	(617) 742-7825
Policy Management Systems	o	PMSC	193	43	37	24	Columbia, SC	(803) 735-4000
Polymer Intl	o	PICI	149	98	92	128	Tampa, FL	(813) 286-8680
Pratt & Lambert	a	PM	119	27	84	98	Buffalo, NY	(716) 873-6000
T Rowe Price Associates	o	TROW	16	71	27	53	Baltimore, MD	(301) 547-2000
Products Research & Chemical	n	PRC	139	91	89	90	Glendale, CA	(818) 240-2060
Programming & Systems	o	PSYS	181	182	178	177	Greenwich, CT	(203) 622-7661
Pulaski Furniture	o	PLFC	173	84	118	138	Pulaski, VA	(703) 980-7330
Quaker Chemical	o	QCHM	182	60	73	95	Conshohocken, PA	(215) 828-4250
Quarex Industries	o	QRXI	198	58	187	194	Ridgewood, NY	(718) 821-0011
Quiksilver	o	QUIK	3	140	149	151	Costa Mesa, CA	(714) 645-1395
Reeds Jewelers	o	REED	25	132	179	175	Wilmington, NC	(919) 350-3100
Regal-Beloit	a	RBC	150	75	79	74	South Beloit, IL	(815) 389-1920
Republic American	o	RAWC	53	19	20	43	Encino, CA	(818) 990-9860
Respironics	o	RESP	5	194	198	185	Monroeville, PA	(412) 373-8114
Rockaway	n	RKY	168	118	126	118	Parsippany, NJ	(201) 335-1126
Rollins Environmental Services	n	REN	64	40	11	4	Wilmington, DE	(302) 479-2757
Ryan's Family Steak House	o	RYAN	130	49	39	37	Greer, SC	(803) 879-1000
Shorewood Packaging	o	SHOR	12	90	63	60	New York, NY	(212) 371-1500
Sigma Designs	o	SIGM	15	123	99	129	Fremont, CA	(415) 770-0100
Simpson Industries	o	SMPS	179	61	93	105	Birmingham, MI	(313) 540-6200
Sizzler Restaurants Intl	o	SIZZ	163	5	32	41	Los Angeles, CA	(213) 827-2300
S-K-I Ltd	o	SKII	157	110	121	121	Killington, VT	(802) 422-3333

a: American Stock Exchange. n: New York Stock Exchange. o: over-the-counter.

Sources: William O'Neil & Co.; Forbes

Company Directory

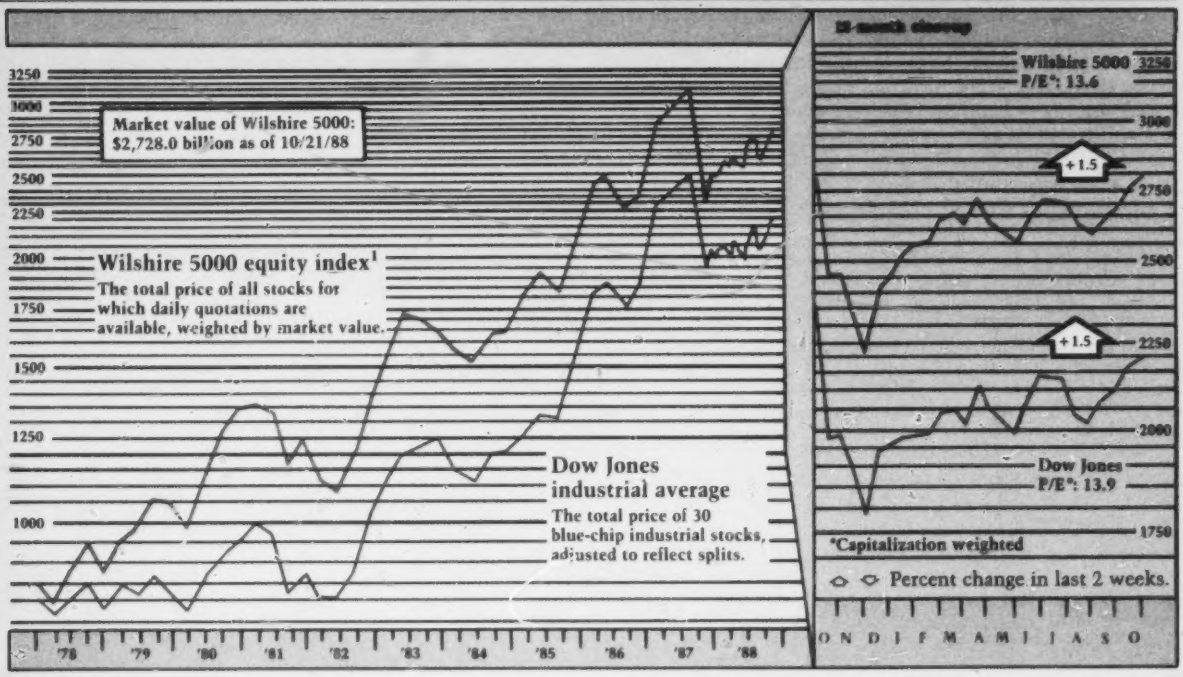
Company	Exch	Ticker	Where they rank: 5-year average ROE	sales	profit	market value	City, state	Telephone
Sound Advice	o	SUND	40	129	171	189	Fort Lauderdale, FL	(305) 922-4434
Sound Warehouse	o	SWHI	42	46	128	113	Dallas, TX	(214) 343-4700
Spartan Motors	o	SPAR	86	161	164	171	Charlotte, MI	(517) 543-6400
Spec's Music	o	SPEK	98	160	185	164	Miami, FL	(305) 592-7288
LS Starrett	n	SCX	151	53	45	64	Athol, MA	(508) 249-3551
Stepan	a	SCL	200	2	62	81	Northfield, IL	(312) 446-7500
Stockholder Systems	o	SSIAA	104	184	148	157	Norcross, GA	(404) 441-3387
Strykes	o	STRY	124	59	57	32	Kalamazoo, MI	(616) 381-3811
Superior Industries Intl	a	SUP	125	47	75	87	Van Nuys, CA	(818) 781-4973
Swift Energy	a	SFY	162	196	131	169	Houston, TX	(713) 874-2700
Syms	n	SYM	83	15	38	59	Secaucus, NJ	(201) 902-9600
Systematics	o	SYST	101	45	44	35	Little Rock, AR	(501) 223-5100
S&K Famous Brands	o	SKFB	178	134	180	178	Richmond, VA	(804) 346-2500
TJ Intl	o	TJCO	133	11	51	67	Boise, ID	(208) 345-8500
TCI Intl	o	TCII	180	127	127	135	Fremont, CA	(415) 795-7800
Technalysis	o	TECN	75	191	193	193	Minneapolis, MN	(612) 925-5900
Teleflex	a	TFX	142	6	28	39	Limerick, PA	(215) 948-5100
Telxon	o	TLXN	136	76	59	61	Akron, OH	(216) 867-3700
Tennant	o	TANT	172	50	74	85	Minneapolis, MN	(612) 540-1200
Thermal Industries	o	THMP	117	166	196	200	Pittsburgh, PA	(412) 244-6400
Thermo Instrument Systems	a	THI	137	94	91	66	Waltham, MA	(617) 622-1605
3Com	o	COMS	[illegible]	12	23	13	Santa Clara, CA	(408) 562-6400
Tootsie Roll Industries	n	TR	[illegible]	83	47	42	Chicago, IL	(312) 838-3400
Total System Services	o	TSYS	78	131	87	29	Columbus, GA	(404) 649-2310
Traditional Industries	o	TRAD	99	136	125	159	Agoura Hills, CA	(818) 991-2773
Trans World Music	o	TWMC	20	31	71	54	Albany, NY	(518) 452-1242
Tricu	o	TRON	143	141	162	148	Sanford, NC	(919) 775-2201
Tyco Toys	o	TTOY	55	33	82	111	Mount Laurel, NJ	(609) 234-7400
Uniforce Temp Personnel	o	UNFR	70	102	161	136	New Hyde Park, NY	(516) 437-3300
Uni-Marts	o	UNMAA	57	73	163	141	State College, PA	(814) 234-6000
Value Line	o	VALU	6	111	31	56	New York, NY	(212) 687-3965
Versa Technologies	o	VRSA	39	138	115	114	Racine, WI	(414) 632-6622
Video Display	o	VIDE	49	162	165	156	Stone Mountain, GA	(404) 938-2080
Vishay Intertechnology	n	VSH	160	89	48	48	Malvern, PA	(215) 644-1300
VM Software	n	VM	8	154	132	106	Reston, VA	(703) 264-8000
Watts Industries	o	WATTA	152	48	36	34	North Andover, MA	(617) 688-1811
WD-40	o	WDFC	18	108	55	47	San Diego, CA	(619) 275-1400
Weigh-Tronix	o	WGHT	186	122	124	127	Fairmont, MN	(507) 238-4461
Wellman	n	WLM	22	8	13	11	Clark, NJ	(201) 388-0120
Roy F Weston	o	WSTNA	153	55	122	89	West Chester, PA	(215) 692-3030
AL Williams	o	ALWC	79	9	8	30	Duluth, GA	(404) 381-1674
XL/Datacomp	o	XLDC	41	37	81	68	Hinsdale, IL	(312) 323-1200

a: American Stock Exchange. n: New York Stock Exchange. o: over-the-counter.

Sources: William O'Neil & Co.; Forbes

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Stocks look a lot better now than they did 52 weeks ago. Last year the Dow industrials finished the volatile week of the crash by closing at 1950 on Friday, Oct. 23. On that date, amidst all the uncertainty surrounding the stock market, the Dow industrials sold for 16.6 times latest 12-month earnings while the overall market, as measured by the Wilshire index, had a P/E of 17.2. One year later, and under much calmer conditions, the Dow and Wilshire are up 11.9% and 15.2%, respectively. And a healthy rise in corporate earnings has brought the Dow multiple down to 13.9 and the Wilshire multiple to 13.6.

In the last two weeks the market finally broke out of its narrow trading range. The Dow finished with a 1.5% gain and at a new postcrash high, 2183. Most other major market indicators hit new peaks on the last or next to last trading day. The S&P 500 is now higher than it was at the close on Oct. 16, 1987. On that Friday just before Black Monday, the Dow lost 109 points.

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	4.0	4.8	4.4	4.6	2.3	0.9
in last 52 weeks	15.2	14.0	11.9	14.5	15.8	18.3

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 21	under 8	over 4.5%	none	high	low	over $34	under $4
in last 4 weeks	4.2	–0.5	1.8	1.7	0.3	3.4	1.3	4.1	0.7	2.7	3.6	–1.6
in last 52 weeks	21.4	50.2	60.6	22.9	29.2	30.1	18.4	66.5	59.8	25.7	24.5	41.7

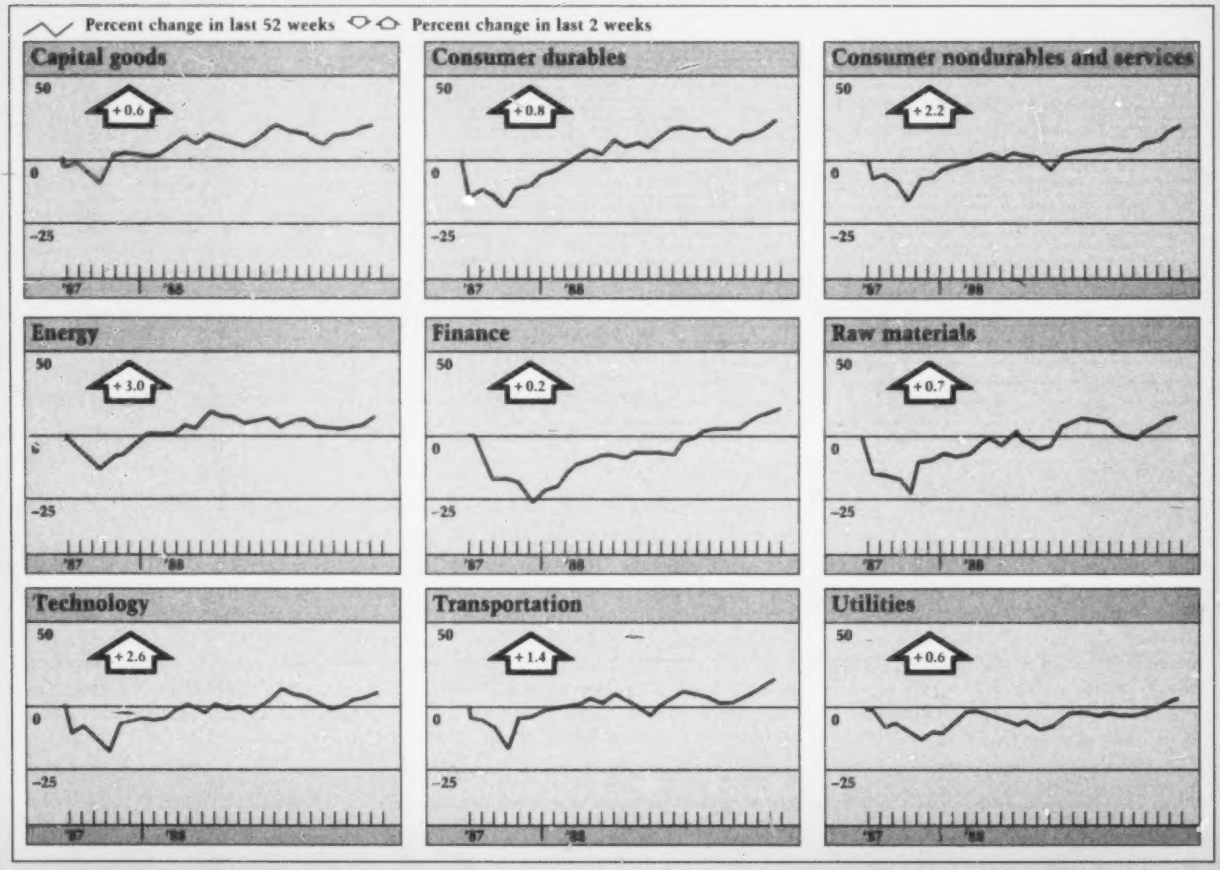
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. [2]Based on sales. [3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable. [4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 10/21/88. Prepared by Wilshire Associates, Santa Monica, Calif.

Steven Romos

Where the Action Is

Takeover action. Acquisitions and takeover offers led the market higher. Proposed deals announced during the last two weeks—Kraft, RJR Nabisco—amount to around $30 billion. The market is probably headed for another major wave of takeovers, given the amount of money rumored to be sitting in the hands of takeover specialists and the low P/E multiples on many major corporations. Stephen Leeb, editor of the market newsletter *Indicator Digest*, in Palisades Park, N.J., thinks that B.F. Goodrich is a likely candidate for acquisition or restructuring. What makes Goodrich attractive, according to Leeb, is its $12-per-share cash flow. Goodrich is now completely out of the tire business and its stock recently traded at 56, only nine times earnings.



What the Analysts Think

Lower horizons. The 1988 earnings estimate for Lorimar Telepictures dropped from 41 cents to 8 cents per share while Farah Inc.'s estimate went from 71 cents to 51 cents. Cummins Engine, Louisiana Land & Exploration, National Semiconductor and Management Science of America also had big estimate cuts.–

Forecasting the Forbes Sales 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.19	12.6
1988 estimates	3.58	11.3
1989 estimates	3.96	10.2

Rank based on change in estimate	Sector	Estimated 1988 EPS	Estimated 1988 P/E	% change in 1988 estimate in 2 weeks	% change in 1988 estimate in 4 weeks
1	Consumer durables	$4.77	11.1	0.29%	0.88%
2	Transportation	2.25	12.6	0.18	–1.83
3	Raw materials	3.18	9.9	–0.01	0.18
4	Utilities	2.39	10.5	–0.12	–0.06
5	Energy	3.20	12.4	–0.14	–0.37
6	Consumer nondurables	2.50	14.6	–0.28	–0.54
7	Capital goods	2.61	14.4	–0.46	–0.38
8	Finance	3.39	9.0	–0.67	–0.60
9	Technology	2.91	12.1	–0.80	–1.26

Earnings projections are capitalization-weighted consensus estimates from over 3,000 security analysts. Data are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 10/21/88. Prepared by Wilshire Associates, Santa Monica, Calif., IBES, a service of Lynch, Jones & Ryan, New York.

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HOPEFUL NEWS FROM THE GARBAGE FRONT

PAY-IF-YOU-WANT PC SOFTWARE

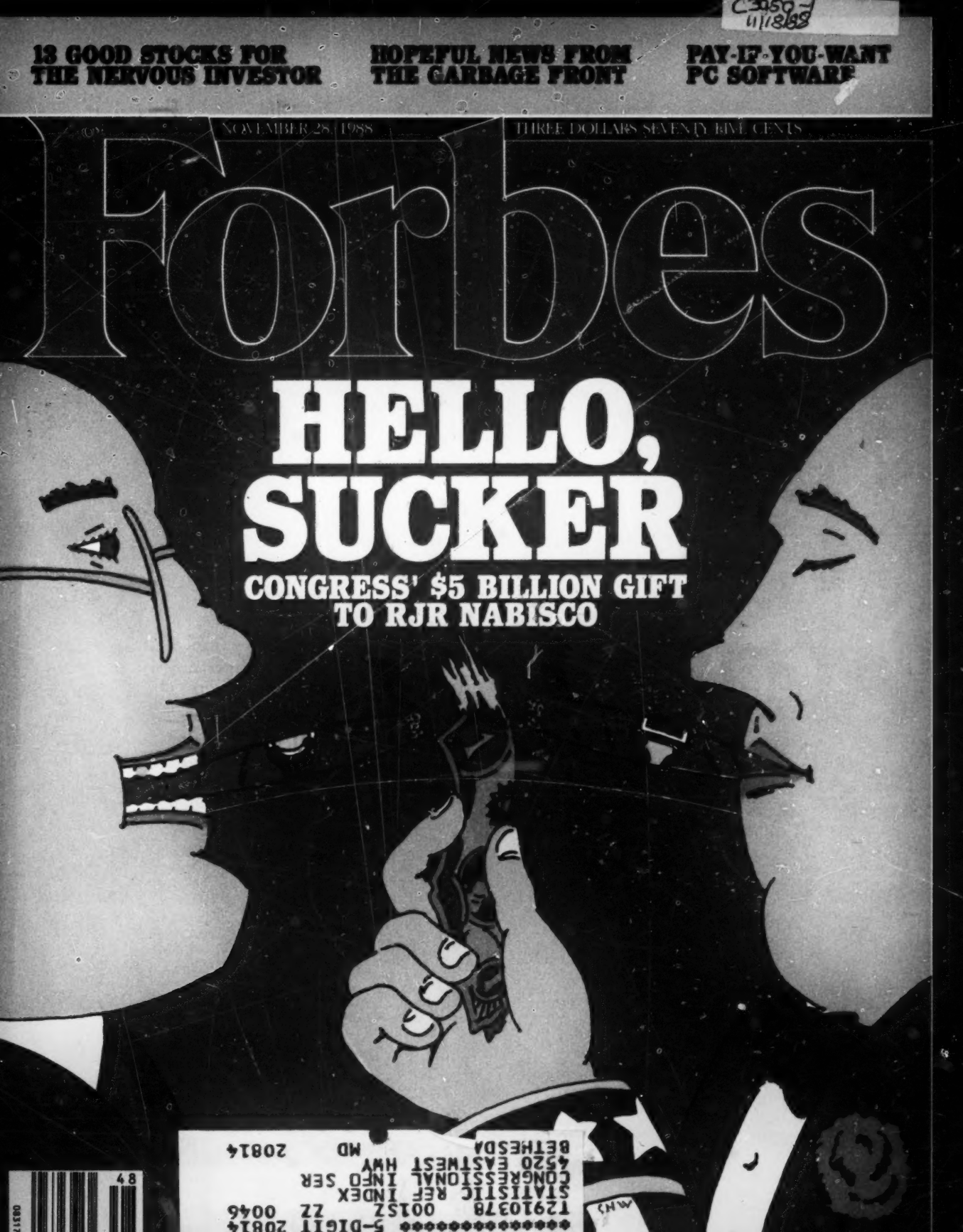
NOVEMBER 28, 1988

THREE DOLLARS SEVENTY FIVE CENTS

Forbes

HELLO, SUCKER

CONGRESS' $5 BILLION GIFT TO RJR NABISCO



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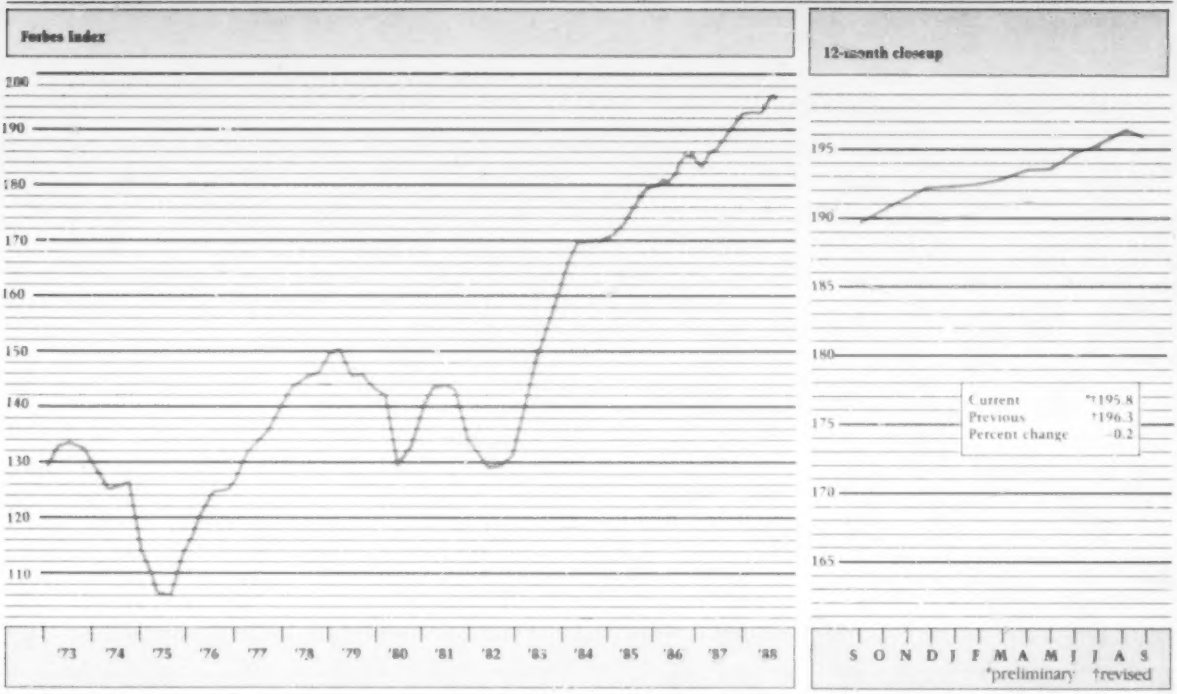
The Forbes Index



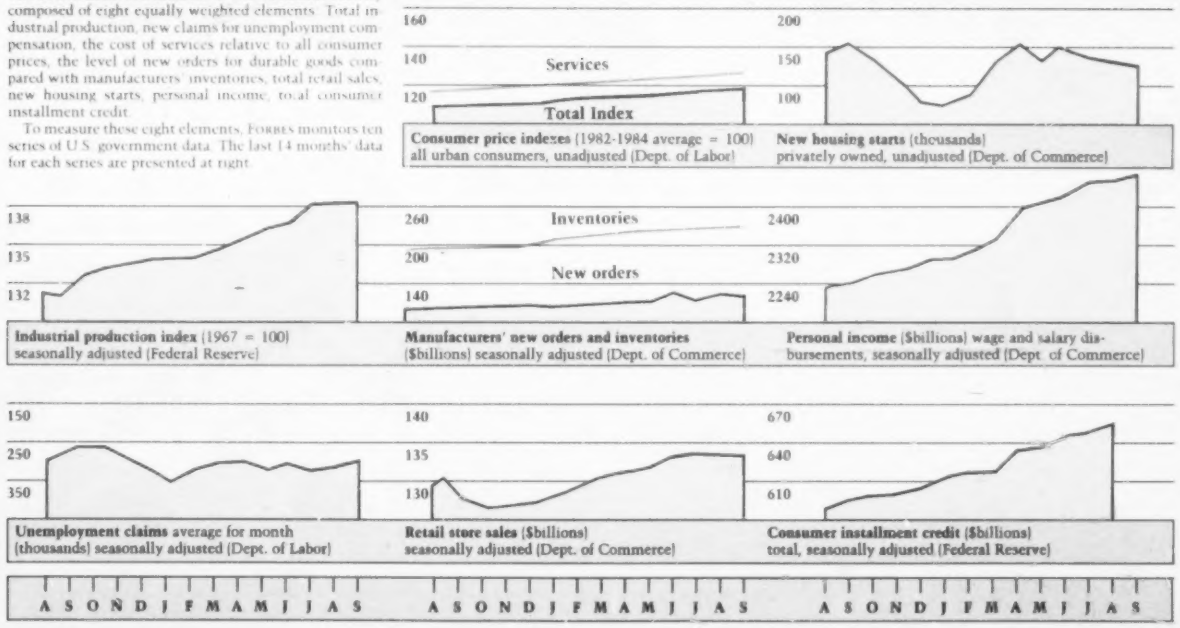
Easing off the gas. The government's index of leading indicators slipped 0.1% in September, its second decline in five months. The latest estimate for gross national product shows that the economy grew at a 2.2% annual rate in the third quarter versus a 3% pace during the second quarter. Manufacturers' new orders fell 3.2% in September, while inventories rose 0.8%.

The sustained economic expansion may be slowing down a bit, but the economy still appears to have considerable momentum. Personal income reached $2.47 trillion in September, an 8.3% gain since the start of the year. In the same stretch the Consumer Price Index rose 3.8%. The October civilian unemployment rate fell to 5.3%, which matches the 14-year low set in June.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements. Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



35% of the local market, but is quite unable to start a fare war. Result: Fares in and out of Atlanta are about the highest for any market segment in the U.S.

To a lesser degree, the situation is similar at Delta's smaller hubs like Cincinnati and Salt Lake City, where Delta has local near-monopolies. Industry experts fully expect the action to heat up at Atlanta first. Rumor of the month is that United might buy some of Eastern's gates from cash-starved Frank Lorenzo.

The airline has not always fared well against tough competitors. Some five years ago, for example, when there was a recession and a severe fare war in the northeast New York-to-Florida market, Delta lost money in operating terms. More recently, it has been struggling mightily at Dallas in head-to-head competition with locally dominant American, and only managing to push its market share to around 25% of passenger traffic.

And there are other key areas of the business where Delta has not done well. Its computer reservation system, DataSII, despite an investment of at least $120 million and a software update called DataStar, has, after six years , just 11% of travel agents nationwide signed up. DataSII took in only 6.5% of revenues generated by all such reservation systems, whereas American and United each have over 35% of the market on their systems, which now dominate this increasingly important element of the airline business. Delta faces either further heavy investment in its own reservations computer or, more likely, some observers think, buying a stake in a rival system.

Another chance missed was the relatively small number of top people from Western who stayed with the merged carrier (Delta bought Western last year)—just 4 of 16 officers, despite the offer of higher pay. These newcomers could have injected new life, most importantly, into Delta's marketing operations, a traditional weak spot. Delta, for example is trying to score through its relationship with both Disneyland and Walt Disney World, and has taken a long-term lease on a new $200 million 24-gate hub at Orlando, Fla. It's far from clear, however, whether associating with Mickey Mouse will entice the airline's bread and butter, the full-fare business traveler.

It would be silly, however, to write Delta off. The airline still has plenty of strengths, not the least of which is employee loyalty and morale. Delta's annual compensation for all employees in the first quarter of 1988 averaged $51,400, according to consultants Airline Economics, against $47,100 at Eastern, $44,400 at United, $43,800 at American and $29,700 at Continental. In addition, Delta granted an average 6% pay increase this August. Yet even though it pays the highest wages in the industry, its per-worker productivity is high. Financially, too, the company is a powerhouse: Credits from sale and lease-back deals on planes have helped reduce long-term debt to just $750 million, 33% of equity, against an industry median of over 80%. Cash in hand—$823 million at the end of June—will, however, decline, says Roeck, to cover this fiscal year's planned aircraft buys and investment in its computer reservation system.

What lies ahead is a tough test for the management skills of Ronald Allen, handpicked and trained as his successor by previous chairman David Garrett. How he responds to these problems will tell a lot. Delta has always been distinguished by a relentlessly good-old-boy management style. For example, Allen, 48, still regularly slips across the street to the Dwarf House, his favorite restaurant, for an early country breakfast and small talk with the airline's workers. "Being nice to our workers, paying them well, that's not good ol' boy, it's modern and enlightened," says Allen.

But there is a fine line between enlightenment and permissiveness. A question: Will Allen, as Delta always has, stoutly defend his pilots, right or wrong? Or will he discipline them, in an attempt to defuse things in advance of the National Transportation Safety Board's public inquiry? His inclination is to do things the old way. But this may no longer suffice at a time when this onetime regional airline is spreading its wings over international routes.

Is there an iron core hidden in those good, ol'-style, southern manners? Or will it all turn out to be just fried chicken? All eyes on Ronald Allen. ■

The way things are going, Japan may soon be as much the leader in world banking and money handling as it has become in world manufacturing.

It's a fact of life—creditors call the tune

By Richard L. Stern

THE TABLE ON page 96 was prepared for FORBES by Wall Street analyst Michael Goldstein of Sanford C. Bernstein & Co. It shows—if anyone still needs proof—that Japan is fast becoming as powerful in finance as it has already become in manufacturing. The table compares financial results of Japan's big four brokerage firms with the top 18 in this country. In the U.S. Wall Street is faltering. Margins are wretched in almost every line of business, except in the riskiest parts—mergers and acquisitions and leveraged buyouts.

Japan's biggest brokers rack up a pretax return on equity that is more than five times the Americans'. As it was at first in manufacturing, Japanese overhead in financial services is stunningly low. Japan's big four, with 36,500 employees, paid out $3 billion in compensation and benefits, reaped $21.7 billion in revenues and $10.9 billion in pretax income.

Compare this with the U.S. firms: 183,190 employees, $14.3 billion in compensation and $47.7 billion in revenues, but only $2.3 billion in pretax income. Five times more employees to bring in about 2¼ times more revenues.

One big reason: Japanese brokerage salesmen, except for a small minority, are on straight salary and earn no commissions. Compare that with the average 40% retail commission payout for retail salesmen in the U.S.

But Wall Street is only one side of the Japanese worldwide push into fi-

nancial services. In deposits, the Japanese have the ten largest banks in the world. Citibank, the largest in the U.S., is 28th globally. The increase in the value of the yen is part of the explanation, but the Japanese banks' assets also are growing within Japan.

If this comparison doesn't impress you, nothing will: Annual asset growth of Dai-Ichi Kangyo Bank, the world's largest bank, for example, exceeds the entire asset base of "that bluest of blue-chip banks, J.P. Morgan," notes Tokyo-based J. Brian Waterhouse of the British brokerage James Capel & Co.

Japan's banks, like its brokerages, are not only the largest but also among the lowest-cost producers. The country's legendary high savings rate plus its strict controls on interest paid on deposits has given the Japanese at least a 100-basis-point advantage in spread over the U.S. and most other competitors as well.

Are Japan's competitors alarmed about this? Of course they are. But they are finding there is little they can do. In July, for example, an international body, the Cooke Committee, headed by W.P. Cooke of the Bank of England, appeared to be trying to stop the Japanese by tilting the playing field. The committee recommended, among other things, that by 1993 all banks should have a 4% minimum ratio of shareholder equity to so-called risk-adjusted assets. Forget the technicalities; it was no problem for U.S. or most foreign banks, since most are already over that minimum. But the Japanese banks earlier this year were in the 3.2%-to-3.5% range. It would take billions of dollars and many years for the Japanese to catch up. While amassing more capital, they would be forced to slow their loan growth.

It won't work. The Japanese banks need $37 billion to meet the new standard, and, without even breathing hard, they raised an estimated $14.7 billion through equity offerings in just the July-September quarter of 1988. They will most certainly be in compliance by 1993.

Now the Japanese are contemplating deregulation of their financial markets similar to what is occurring in the U.S. They are considering deregulating brokerage commission rates, a move that set off a wave of brokerage mergers and failures here in 1975 and after. The Japanese also are looking at lowering the barriers between commercial and investment banking and deregulating interest paid on savings. Will that erode some of the cost advantages the Japanese have been enjoying? Don't bet too heavily on that happening. Tokyo is expected to loosen the reins more slowly than we did in this country.

To say all this is not Japan-bashing. It is simply to recognize that Japan is a force to be reckoned with in the world, well beyond the bounds of manufacturing excellence.

If you doubt that Japan intends to spread its influence ever wider in the world, listen to these words from a confidential, narrowly circulated study from Nomura Securities' Nomura Research Institute, *The World Economy and Financial Markets in 1995: Japan's Role and Challenges*. It says, in part, "Just as the U.S. in its best years gave the world GATT and the IMF, which greatly improved the function of the world economy, it is the task of Japan, now the largest creditor nation in the world, to put together a new international framework to meet the demands for an even more integrated and interdependent world community in the 21st century." Nomura is saying: Japan will no longer be a follower; we will become a leader, maybe the leader. ■

Japan's top four versus America's largest brokers

With four times higher expenses, the U.S. brokers produced only 2¼ times the Japanese revenues. No wonder U.S. pretax margins were 1/6th those of the Japanese and return on equity was 1/5th that of the Japanese.

Category	Nomura Worldwide	Daiwa Securities	Nikko[1] Securities	Yamaichi Securities	Total	The 18 largest U.S. brokers
Brokerage commissions	$4,629	$2,396	$2,202	$2,554	$11,780	$8,750
Underwriting and distribution	1,400	835	774	940	3,949	4,750
Net gain on trading	1,024	306	474	5	1,809	5,750
Interest and dividends	1,401	1,398	67	694	3,560	23,150
Other	62	183	180	211	636	5,250
Total revenues	8,516	5,118	3,697	4,404	21,735	47,650
Compensation and benefits	1,088	623	564	719	2,995	14,250
Interest expense	781	1,093	194	403	2,471	21,175
All other expenses	2,016	1,084	1,063	1,113	5,276	9,925
Total expenses	3,885	2,800	1,821	2,236	10,742	45,350
Income before taxes	4,631	2,318	1,876	2,168	10,993	2,300
Nonoperating income & other	0	(39)	31	15	6	NA
Taxes	2,503	1,264	1,055	1,168	5,990	NA
Net income	2,128	1,016	851	1,016	5,010	NA
Pretax margin[2]	60%	58%	54%	54%	56%	9%
Average shareholders' equity	6,950	3,413	3,287	3,197	16,845	19,000
Pretax return on equity	67%	67%	58%	68%	65%	12%

All figures in millions of dollars; prices have been rounded. [1]Financial statement excludes unconsolidated subsidiaries. [2]Revenues include net interest. NA: Not available.

Source: Sanford C. Bernstein & Co.

And we mean quiet

Nestled in the British Virgin Islands, a chip shot off Tortola, lies the tiny Guana Island Club, which even picky Andrew Harper raved about in his *Hideaway Report* ("This just may be the most private and unspoiled resort island in the West Indies"). Only 30 guests can be accommodated. Dining is family-style (no restaurant means there are no interloping yachtsies).

Six deserted beaches await you. Cozy guest cottages make up in quiet what they lack in elegance. Rates: $385 double per day, including meals and tennis, Dec. 16 to Mar. 31.

Sotheby's Art Market Trends

Index sectors	Oct 1988	One month ago	One year ago	Two years ago	Five years ago	One month % change	One year % change	Two years % change	Five years % change	Five years average annual % change
Old Master paintings	403	403	349	303	217	nil	+15.5	+33.0	+85.7	+13.2
19th-century European paintings	361	361	323	250	197	nil	+11.8	+44.4	+83.2	+12.9
Impressionist & Post-Impressionist art	1,091	1,091	661	432	298	nil	+65.1	+152.5	+266.1	+29.6
Modern paintings (1900-1950)	1,090	1,090	666	429	275	nil	+63.7	+154.1	+296.4	+31.7
Contemporary art (1945 onward)	728	728	597	542	383	nil	+21.9	+34.3	+90.1	+13.7
American paintings (1800-pre-WWII)	958	958	789	687	501	nil	+21.4	+39.4	+91.2	+13.8
Continental ceramics	467	407	320	290	272	+14.7	+45.9	+61.0	+71.7	+11.4
Chinese ceramics	684	684	550	486	445	nil	+24.4	+40.7	+53.7	+ 9.0
English silver	388	388	349	338	219	nil	+11.2	+14.8	+77.2	+12.1
Continental silver	260	260	201	192	156	nil	+29.4	+35.4	+66.7	+10.8
American furniture	469	469	459	380	239	nil	+ 3.8	+23.4	+96.2	+14.4
French & Continental furniture	359	355	319	285	257	+1.1	+12.5	+26.0	+39.7	+ 6.9
English furniture	784	784	594	447	309	nil	+32.0	+75.4	+153.7	+20.5
Aggregate index*	661	660	477	369	275	+0.2	+38.6	+79.1	+140.4	+19.2

Basis: 1975 = 100 ($). ©Sotheby's 1988

*Contemporary art was added to the Art Index in September 1987. The aggregate index excludes this category prior to that date.

Sotheby's Art Market Trends reflect subjective analyses and opinions of Sotheby's art experts, based on auction sales and other information deemed relevant. Nothing in Sotheby's Art Market Trends is intended as investment advice or as a prediction or guarantee of future performance or otherwise.

Monthly highlights

The New York jewelry auctions in October were strong overall, totaling more than $60 million. Eleven gems were sold for over $1 million each, including a 15.97-carat Burmese ruby that fetched $3.6 million, a record for any colored stone. However, two major gems with high preauction estimates failed to sell: a 48.02-carat Burmese ruby and a 407.48-carat diamond. Given the difficulty of estimating stones of this kind, it's impossible to draw any broad conclusions about their failure to sell.

The latest sales in New York of French furniture, which traditionally draw an international mix of clients, were reinforced by the growing interest of American private buyers, notably younger collectors. Overall, the sales were a success. Top quality and rare furniture and decorative items brought premium prices. Furniture that did not rank among the best fared less well and often sold below the low estimate. Results confirmed the recent strength of the Louis XVI period but also indicated a slight contraction in the market for more elaborate Louis XIV pieces.

Sotheby's

Louis XVI Ormolu-mounted consoles

The major sales that took place in New York toward the very end of the month of Old Master and 19th-century European paintings, as well as of English furniture and silver, gave further evidence of the overall strength of the art market. A sale of 19th-century European paintings realized $15.3 million, a worldwide auction record.

Following the British Rail Pension Fund's auction in London in September of books and manuscripts, the fund's Continental porcelain collection produced good results. Nine of the top ten lots of the sale, which also included property from other sources, came from this collection, and each achieved between three and six times the original purchase prices paid in the late Seventies.

Considering a detour to Washington? The money's lousy and the hours are long. But as a launching pad back into private industry, you just can't beat the experience.

Costly but priceless

By Dyan Machan

With a new Administration set to take over the White House in two months' time, some 5,000 presidential appointments are once again up for grabs. If the phone rings in your house with an offer, should you accept it? One source of guidance might be a tome nicknamed the "Plum Book," a quadrennial listing of all 5,000 government jobs, their current holders and salaries. Now, the Washington-based Center for Excellence in Government, an organization of 400 former high-level appointees, has published a knockoff called *The Prune Book*. It lists the best of what's found in the larger listing—the 100 most important and powerful presidential appointments in the executive branch.

The Prune Book lists not only titles and responsibilities but current and past holders of the offices over 19 years. Additionally, each job entry includes lengthy and detailed information on what sorts of qualities and skills are demanded of the successful appointee, as well as a rundown of dos, don'ts and get-ahead tips.

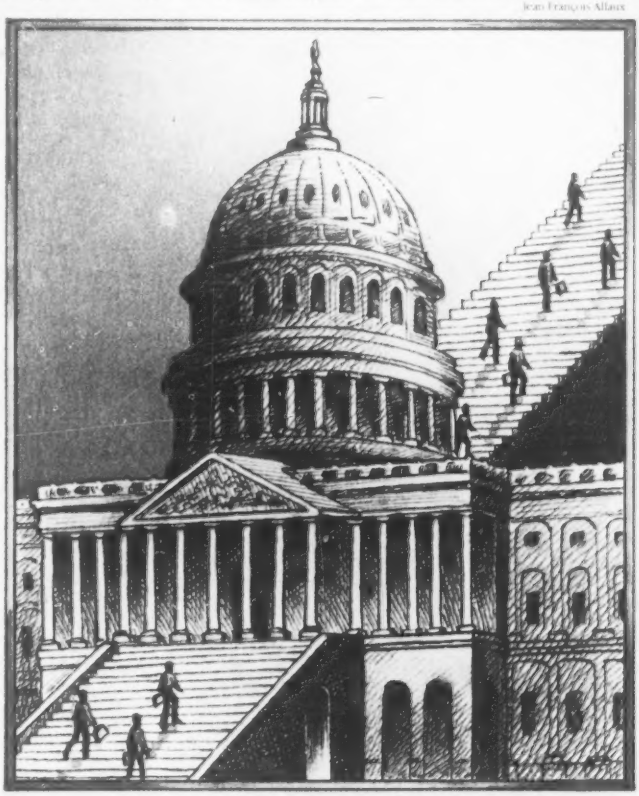
Reading *The Prune Book*, one is struck by an obvious theme that runs throughout nearly all the entries. Though responsibilities and political clout vary widely from job to job, and though salary levels are often appallingly low for the duties involved, landing a *Prune Book* job can really prove to be a plum of a stepping-stone back into the private sector later on.

If Norman Augustine, 53, hadn't gotten that call from the Johnson Administration back in 1965, he'd probably still be at Douglas Aircraft instead of chairman of Martin Marietta. But the chief engineer at Douglas packed up his wife and two babies and headed for Washington to run the research and engineering sections in the Defense Department. His wife's reaction to leaving their home in Santa Monica, Calif. for a boxy rental in McLean, Va.? "She cried."

Augustine left for a senior post at LTV in 1970, but returned to Washington in 1973 as assistant secretary of the Army for R&D under Richard Nixon. The result was an instant 50% cut in his $60,000-a-year pay at LTV, and to make ends meet his wife had to get a job. But the resulting experience of helping manage the largest branch of the armed forces made him a natural candidate to join Martin Marietta, a major defense contractor, which he did in 1977. Says Augustine of his time in Washington, "It was the hardest I've ever worked in my life, including now. But if I were 30 years old and were given the same opportunity, I would do it again. Absolutely."

Frank Herringer went to Washington in 1972, at the age of 28. He had just finished six years as a management consultant with Cresap, McCormick & Paget, yet jumped at the chance to take a $10,000 pay cut to become a $22,000-a-year White House personnel staffer for Richard Nixon. Two years later he was named administrator of the Urban Mass Transportation Administration. Back in the private sector in 1979, he joined Transamerica Corp. as an assistant to the chairman. Seven years later he was president, and today has a base salary of $800,000. Says Herringer, now 45, of his Washington experience, "I don't think the credential itself has been that important, but the experience certainly was."

Government was truly a stepping-stone for Paul O'Neill, 52, who went to Washington in 1961 as a 25-year-old Veterans' Administration intern, earning the princely sum of $6,435 a year. By 1974 O'Neill was deputy director for the Office of Management & Budget, yet was well aware that with college-age kids he needed a heftier income than his $44,000-a-year OMB salary provided.



Jean-François Allaux

But 13 years in Washington had brought him so many contacts that he scarcely had to whisper his career-switch plans to friends for unsolicited job offers to begin pouring in.

O'Neill chose an offer to become vice president of planning for International Paper at $115,000 a year. Seven years later, in 1985, he was named president of the company, and last year was tapped by Alcoa to become chairman and chief executive officer at a base salary of $575,000. O'Neill says of his career, "What I've been doing for most of my life is following my nose. The only uniformity in what I've been doing is looking for an opportunity and making a contribution. It's paid off very nicely."

For how others have fared after Washington duty, see table below.

Prune Book biggies

How do you gauge the effect of Washington service on one's career? Take a look at some of the government servants who passed through the Office of Management & Budget in recent years.

Edwin L. Harper, 47
Prior job: V.P., Emerson Electric. **Pay:** $180,000.
OMB job: Deputy director (1981-82). **Pay:** $60,000.
Present job: Chief financial officer, Campbell Soup Co. **Pay:** $300,000-plus.
Quote: "The family's structure is completely focused on the appointee's role. It can be disorienting."

Edward Jayne II, 44
Prior job: Air Force officer. **Pay:** $40,000.
OMB job: Associate director for National Security & International Affairs (1977-81). **Pay:** $52,000.
Present job: V.P., strategic program development, McDonnell Douglas. **Pay:** $132,000-plus.*
Quote: "When ready to leave, I had two dozen offers or strong job leads."

Brian Smith

Daniel Kearney, 49
Prior job: Executive director of Illinois Housing Development Authority. **Pay:** $32,000.
OMB job: Associate director for Economics & Government (1976-77). **Pay:** $36,000.
Present job: Principal, Aldrich, Eastman & Waltch. **Pay:** $400,000-plus
Quote: "When you are passing out dollar bills, a lot of people think you are a great guy."

Frederick Khedouri, 38
Prior job: Legislative director for Representative David Stockman.
OMB job: Associate director for natural resources, energy and science (1981-85). **Pay:** $72,000.
Present job: Associate director of Bear, Stearns. **Pay:** $300,000-plus.**
Quote: "I would leave before my son got up and get home after he went to bed."

Maurice Mann, 59
Prior job: Chief economist for Federal Reserve Bank in Cleveland. **Pay:** $9,000.
OMB job: Associate director for natural resources, energy and science (1969-70). **Pay:** $38,000.
Present job: Chairman of Pacific Stock Exchange. **Pay:** $500,000-plus.
Quote: "There's nothing more exciting than eating breakfast in the White House mess."

Paul O'Neill, 52
Prior job: OMB staff. **Pay:** $36,000.
OMB job: Deputy director (1974-77). **Pay:** $44,000.
Present job: Chairman and chief executive officer, Aluminum Company of America. **Pay:** $575,000 base salary.
Quote: "I worked every single day except for Christmas. It tires your family out."

Franklin Raines, 39
Prior job: Assistant director, domestic policy staff for Carter Administration. **Pay:** $33,000.
OMB job: Associate director for economics and government (1978-79). **Pay:** $50,000.
Present job: General partner, Lazard Frères. **Pay:** $250,000-plus.
Quote: "What do you do with somebody who was running a quarter of the federal budget but who had only six months' experience as a lawyer?"

John Sawhill, 52
Prior job: Executive vice president, Commercial Credit. **Pay:** $110,000.
OMB job: Associate director for natural resources, energy and science (1973-74). **Pay:** $37,000.
Present job: Senior partner and director at McKinsey. **Pay:** about $600,000.
Quote: "Someone once said the experience is costly, but also priceless."

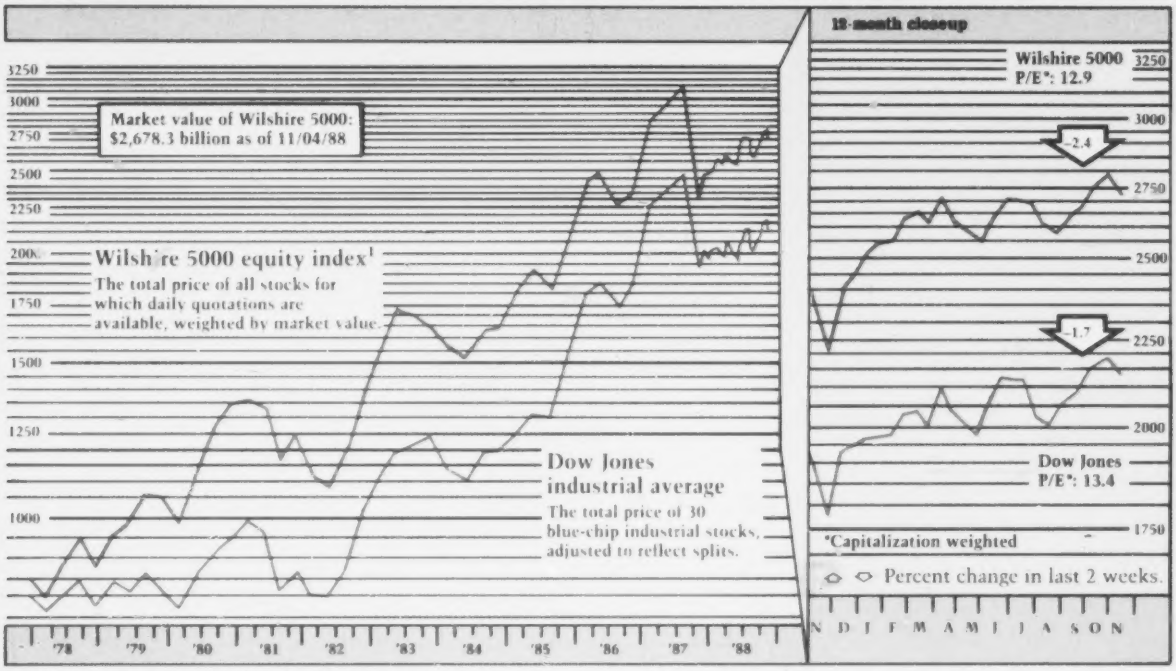
John White, 51
Prior job: Senior V.P., Rand Corp. **Pay:** $65,000.
OMB job: Deputy director (1978-81). **Pay:** $47,000.
Present job: V.P. at Kodak. **Pay:** $117,000-plus.*
Quote: "We gave up the ocean view in Malibu for McLean, Va."

Frank Zarb, 53
Prior job: An investment banker for Shearson. **Pay:** $180,000.
OMB job: Associate director for natural resources, energy and science (1974-75). **Pay:** $60,000.
Present job: Chairman and chief executive officer of Smith Barney. **Pay:** $1 million.
Quote: "A turkey in government is a turkey in business."

*Salary estimate supplied by a Mercer Meidinger Hansen survey
**Salary estimated from a survey by the Whitney Group

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Declining prices tend to bring out the pessimists. *Investors Intelligence*, a New Rochelle, N.Y. newsletter, has tracked the ratio of bullish to bearish investment advisers for over 25 years. Editor Michael Burke notes that the ratio briefly climbed above 1 this Oct. 19—i.e., there were more bulls than bears. That was a good time to sell into strength. Two days later the Dow hit a postcrash high.

Now, only a few weeks later, Burke's indicator shows a ratio of 0.78 (35 bulls to 45 bears). But that isn't a bad sign for the market. The last time there was a considerable amount of bullishness was August 1987, just when the market peaked. That's why sentiment indicators such as Burke's are used by many as contrarian indicators. Burke insists that no correction is due until the ratio exceeds 1. And so Burke now expects stock prices to rise as available cash is moved into the market.

Over the last two weeks the Dow industrials dropped 1.7%, while the Wilshire index was off 2.4%.

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	–1.0	–0.6	–0.2	–0.7	–2.1	–1.2
in last 52 weeks	11.9	10.5	9.5	11.2	16.6	16.7

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 21	under 8	over 4.5%	none	high	low	over $34	under $4
in last 4 weeks	–1.6	–0.5	–1.1	1.2	–1.9	0.6	–0.9	2.4	–1.4	0.1	–0.6	–2.7
in last 52 weeks	15.6	51.5	59.3	24.8	27.3	30.0	17.8	69.6	56.9	24.7	20.8	42.4

[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. [2]Based on sales. [3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable. [4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

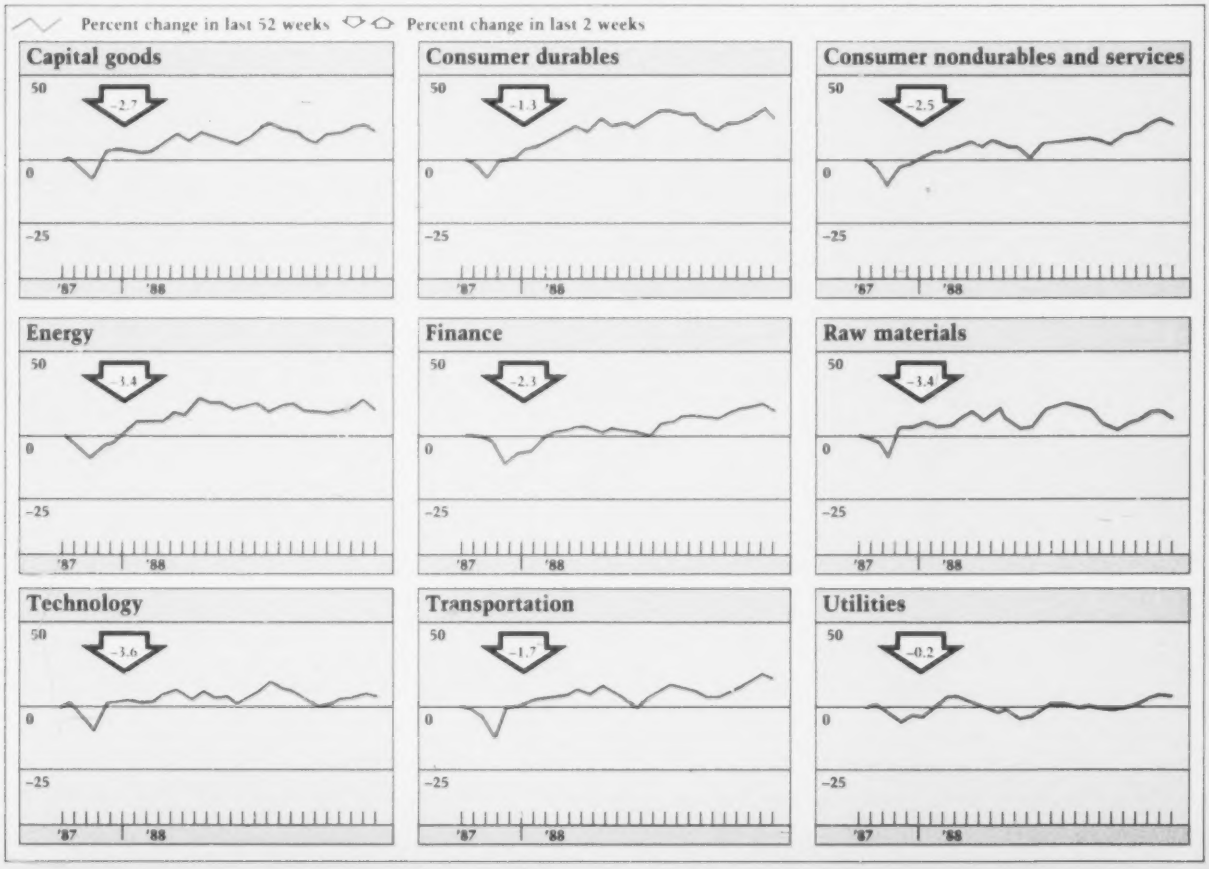
Note: All data for periods ending 11/04/88. Prepared by Wilshire Associates, Santa Monica, Calif.

Steven Kichen

Where the Action Is

Utility stocks, of the nine Wilshire sectors, show the smallest two-week loss and the only gain over the last four weeks. Gary F. Hovis, director of utility research at New York-based Argus Research, explains the recent popularity of utilities: "If we ever got in a real whiz bang of a recession and a lot of this leveraged buyout debt defaulted, then the assets behind a utility are a safety factor." Hovis thinks investors are also attracted by the potential returns of utilities: "With [some] sound utility stocks today the yield is around 8% to 8.5%, and you could probably get 2 or 3 stock points in a year" of price appreciation. That would generate a total return of 14% to 15%.

Technology was the weakest-performing group over the last two weeks. Cray Research fell almost 20%.



What the Analysts Think

Analysts responded to healthy fall auto sales by raising 1988 earnings estimates for several auto manufacturers. Forecasts for Honda, General Motors and Ford were raised in the last two weeks from 14 cents to 22 cents. Chrysler's 1988 estimate was cut by a dime. The consumer durables sector shows the best improvement in earnings estimates.

Forecasting the Forbes Sales 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.25	12.1
1988 estimates	3.58	11.0
1989 estimates	3.96	9.9

Rank based on change in estimate	Sector	Estimated 1988 EPS	Estimated 1988 P/E	% change in 1988 estimate in 2 weeks	% change in 1988 estimate in 4 weeks
1	Consumer durables	$4.83	10.8	0.66%	0.95%
2	Transportation	2.27	12.2	0.37	0.62
3	Raw materials	3.19	9.5	0.17	0.16
4	Capital goods	2.61	14.0	0.05	-0.41
5	Consumer nondurables	2.51	14.3	-0.07	-0.35
6	Utilities	2.38	10.5	-0.10	-0.22
7	Energy	3.23	12.0	-0.11	-0.25
8	Finance	3.36	8.8	-0.33	-1.00
9	Technology	2.97	11.6	-0.54	-1.36

Earnings projections are capitalization-weighted consensus estimates from over 3,000 security analysts. Data are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 11/04/88. Prepared by Wilshire Associates, Santa Monica, Calif., IBES, a service of Lynch, Jones & Ryan, New York.

The Forbes/TUCS Institutional Portfolio Report

Edited by Steve Kichen

In our quarterly review of institutional portfolios, IBM sticks out as an unfavorite. It is the most underrepresented stock (relative to its size) and gets more so all the time. The table on the facing page, "Where the institutions are," shows that IBM makes up 4.3% of the Wilshire 5000 but only 1.7% of the typical institutional stock portfolio. In the table below at right, "Position changes," IBM tops the selloffs. Institutions liquidated 6.3% of their shares in the third quarter, contributing to IBM's weak performance.

In the 12 months ended Sept. 30, beginning just before the crash, the market obviously did not fare well. But some styles of stock picking fared better than others. So-called value investors, who look for low price/earnings and low price/book value ratios, lost a median 7.1% over the past four quarters. Growth-stock managers, on the other hand, were off a median 13.2% *(see table below at left)*.

While the market was falling, pension funds were cashing out. The table at right, "Segment performance and cash flows," shows that institutions reduced their equity by 2.3%. (This figure is adjusted to back out any changes in the value of the underlying securities.) Were they shifting into bonds? No. They cut their bond portfolios by 8%. Yet, since bonds provided a healthy 12.3% positive return over the period, the funds' final bond position was up slightly.

Pension accounts experienced a net outflow of 5.2% of assets over the past year. How come? With interest rates high, many corporate pension pools became overfunded; as a result, many managements drew down the overfunding for corporate purposes or for helping to finance buyouts. All these data come from Santa Monica-based Wilshire Associates. Wilshire's Trust Universe Comparison Service monitors over $360 billion in 4,500 pension fund accounts.

While equity and fixed income were liquidated, institutional cash holdings were up by 3.6% for the quarter ended Sept. 30, to 10.8% of the portfolio. To a contrarian, then, both stocks and bonds may be good buys. Bennett Shaver, executive director of the Maryland state retirement fund, seems to think they are. Shaver gained recognition for his timing in moving almost 30% of his portfolio's assets out of stocks right before last October's collapse. Since then, however, he has cut his cash to 6%. "I'm not surprised to see a number of people increasing their exposure to cash, [which] dampens the volatility of the whole portfolio," he says. He just thinks their timing is wrong.

How different managers performed

Manager style	Total return[3] recent quarter	12 months	24 months[4]
Diversified	0.4%	–9.3%	12.1%
Growth	–1.2	–13.2	11.1
Growth—emerging	–1.7	–9.7	10.7
Market timer	0.6	–9.6	11.5
Sector rotator	–0.5	–10.5	9.5
Value	1.3	–7.1	11.7

Where the institutions put their money

Segment	—Portfolio weighting— most recent quarter	previous quarter
Equity	60.0%	60.1%
Fixed income	28.6	28.9
Cash and equivalents	10.8	10.4
Convertibles	0.1	0.1
Other[1]	0.5	0.5

Equity portfolio characteristics

	Institutional portfolios	Wilshire 5000
Price/earnings ratio	14.7	13.2
Dividend yield	3.4%	3.3%
Beta[2]	1.05	1.06
Price/sales ratio	1.30	1.36
Price/book ratio	2.81	2.35

Segment performance and cash flows

Segment	—Most recent quarter— median total return	shift in institutional holdings	—Latest 12 months— median total return	shift in institutional holdings
Equity	–0.1%	–0.7%	–11.2%	–2.3%
Fixed income	1.8	–1.6	12.3	–8.0
Cash equiv	2.0	3.6	7.5	0.3
Convertibles	–0.1	–0.3	–4.5	–1.9
Other[1]	0.8	–0.1	7.3	–3.8
Total	0.5	–1.2	–1.1	–5.2

Position changes: These securities had the greatest relative change in holdings over the last quarter

Security	Increase in holdings	Total quarter return	Security	Decrease in holdings	Total quarter return
Wal-Mart	3.1%	5.4%	IBM	–6.3%	–8.6%
Amoco	2.3	2.5	Exxon	–6.2	–0.2
Bell Atlantic	2.1	1.6	General Motors	–3.8	–4.9
Am Info Tech	1.7	4.8	General Electric	–3.2	–0.3
Quaker Oats	1.6	22.3	Ford Motor	–2.8	–2.9
Kroger	1.5	60.1	Mobil	–2.6	–0.7
Coca-Cola	1.5	13.0	Caterpillar	–2.5	–14.9
American Intl Gp	1.5	13.7	Hewlett-Packard	–2.5	–10.4
Apple Computer	1.4	–6.3	ITT	–2.3	–3.5
Waste Mgmt	1.4	18.0	Schlumberger	–2.3	1.7

[1]Real estate, foreign investments, venture capital, guaranteed insurance contracts. [2]A measure of risk. A stock with a beta of 1.00 tends to move up or down at the same rate as the S&P 500. [3]Includes all forms of investments. [4]Figures for 24 months are annualized.

Note: Data for quarter ending 9/30/88. Prepared by the Trust Universe Comparison Service (TUCS®), a service of Wilshire Associates, Santa Monica, Calif.

Where the institutions are—and aren't

Most overweighted relative to Wilshire 5000			Most underweighted relative to Wilshire 5000		
	% of			% of	
Security	institutional universe	Wilshire 5000	Security	institutional universe	Wilshire 5000
Apple Computer	0.7%	0.2%	IBM	1.7%	4.3%
Philip Morris	1.3	1.0	Exxon	0.6	3.0
Waste Mgmt	0.6	0.3	General Electric	1.2	2.3
Compaq Computer	0.3	0.0*	Royal Dutch Petroleum	0.4	1.5
Computer Associates	0.3	0.0*	British Petroleum	0.2	1.2
Warner Communications	0.4	0.2	AT&T	0.6	1.6
MCI Communications	0.3	0.1	El du Pont de Nemours	0.5	1.2
Alcoa	0.4	0.2	Chevron	0.4	0.9
K mart	0.5	0.3	Mobil	0.5	1.0
Wal-Mart	1.0	0.8	BellSouth	0.6	1.1

Honda is now one of the big three. For the first time, pension fund managers are holding more stock in Honda than in Chrysler. The Japanese automaker had a total return of 27.1% for the quarter while the three domestic firms showed small losses. Meanwhile, the institutions sharply reduced their energy holdings, from 9.3% of the TUCS universe in June to only 7.3% in September. Exxon, Mobil and Schlumberger posted the biggest decreases in holdings of the energy group. Of the ten stocks most underweighted in pension portfolios relative to the Wilshire index, five are energy companies. This might be a good time for patient contrarian investors to look at the oil industry.

Sector activity and top holdings

% of institutional portfolio: ■ most recent quarter ■ previous quarter

Capital goods	5.8% 5.4%	Consumer durables	3.9% 4.8%	Consumer nondurables	30.4% 28.1%
	total return		total return		total return
General Electric	–0.3%	General Motors	–4.9%	Philip Morris	16.7%
Emerson Electric	–6.5	Ford Motor	–2.9	Merck	3.3
Westinghouse Electric	–5.3	Honda Motor	27.1	Wal-Mart	5.4
Caterpillar	–14.9	Chrysler	–0.5	Coca-Cola	13.0
Deere & Co	–3.1	Goodyear Tire & Rubber	–9.5	Sears Roebuck	4.9
Energy	**7.3% 9.3%**	**Finance**	**12.6% 12.3%**	**Raw materials**	**14.9% 14.1%**
	total return		**total return**		**total return**
Amoco	2.5%	American Express	2.5%	Waste Management	18.0%
Exxon	–0.2	American Intl Group	13.7	Dow Chemical	–3.5
Atlantic Richfield	–2.7	Citicorp	6.7	El du Pont de Nemours	–11.0
Mobil	–0.7	JP Morgan	–2.3	Alcoa	–0.3
Royal Dutch Petroleum	–1.7	Cigna	15.8	Monsanto	–10.4
Technology	**16.6% 16.5%**	**Transportation**	**3.7% 4.4%**	**Utilities**	**4.8% 4.8%**
	total return		**total return**		**total return**
IBM	–8.6%	Union Pacific	–7.0%	AT&T	–1.7%
Digital Equipment	–18.3	Federal Express	7.2	BellSouth	–2.1
Apple Computer	–6.3	Norfolk Southern	2.0	Nynex	0.4
Boeing	9.9	CSX	14.9	Bell Atlantic	1.6
Hewlett-Packard	–10.4	Ryder System	–16.3	GTE	13.4

*Exact figure is less than 0.05%.

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THE 400 LARGEST PRIVATE COMPANIES
—CAPITAL IS EASIER TO COME BY—

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Forbes

WHY LIBERALISM IS OBSOLETE

AN INTERVIEW WITH NOBEL LAUREATE MILTON FRIEDMAN

"... You don't hear politicians boasting about wanting to spend a lot more; you hear them trying to figure out how to spend money in ways that don't look like spending money."

"... Inflation will not be a major problem in the next several decades for a very simple reason: It's not politically profitable."

"... The political power of the old is going to get smaller and not larger .... You're going to have a revolt of the young against the old."

"... Perestroika is mostly talk."

"... It's a myth that the Japanese government ... directs the economy; actually Japan has grown despite government policy."

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Cover photo by Ed Kashi

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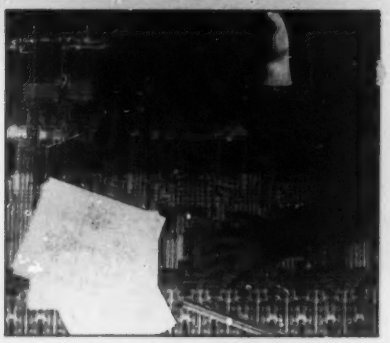

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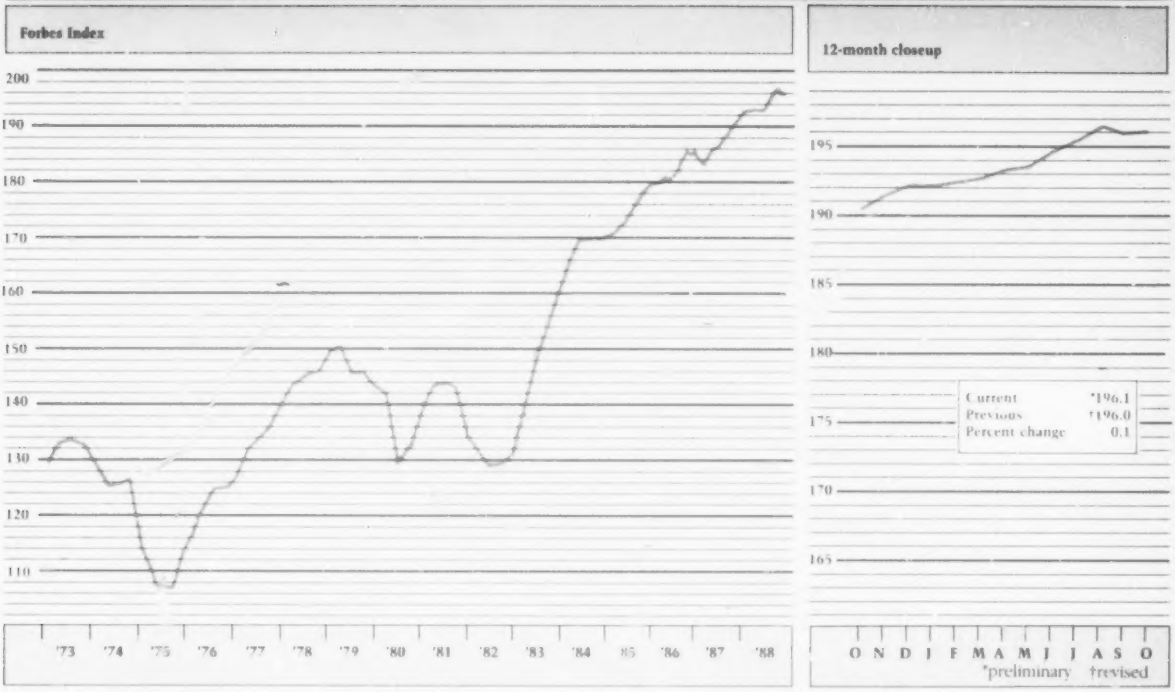
The Forbes Index



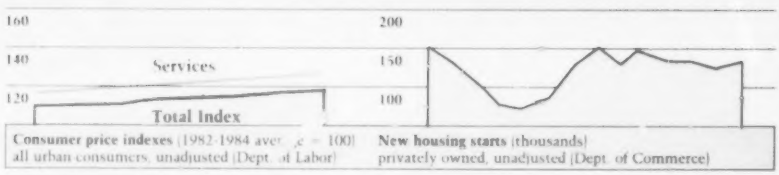
Down but not out. Our final tabulation of the September Forbes Index shows that it fell 0.3%, the first decline since January 1987. However, a slight pickup in the economy is indicated by the preliminary October Index. Retail sales climbed 0.9% in October, their best gain in seven months. Industrial production rose 0.4% as factory utilization increased to 84% of capacity. Another encouraging sign was the 7.5% jump in new housing starts in October. It was the first monthly increase in this seasonally unadjusted statistic since last June.

The nation's merchandise trade deficit narrowed slightly in September, to $10.5 billion, thanks in part to record exports. Recent weakness in the dollar makes continued improvement likely in this statistic.—

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

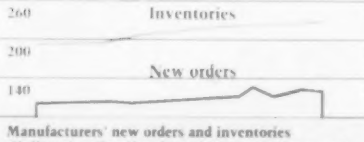
To measure these eight elements, Forbes monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



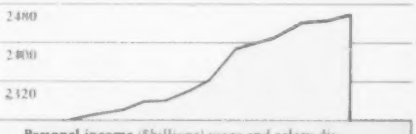
Consumer price indexes (1982-1984 aver. = 100) all urban consumers, unadjusted (Dept. of Labor)

New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)

Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)

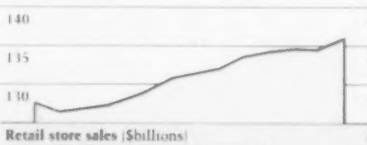


Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)

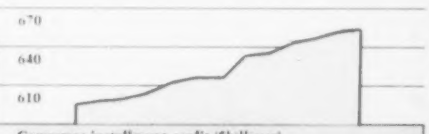


Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)

Unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail store sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

S O N D J F M A M J J A S O S O N D J F M A M J J A S O S O N D J F M A M J J A S O

First, Althaver locked 30% of the company into friendly hands. Walbro's management and board owned 17%. The rest he got by entering into a no-sell agreement with local shareholders, who owned a 13% stake in the company. (More than half of this $14 million stake dates back to a $25,000 investment made by local merchants as an incentive to bring the company to town in 1954.) The townspeople didn't need much convincing. Walbro's payroll for the 450 employees in Cass City alone makes up about $18 million of the town's $22 million industrial payroll. And Althaver, the son-in-law of the company's founder, has been the village president for 20 of the last 22 years.

But how to lock up another 20% of the shares? On Sept. 25, three weeks after receiving UIS' 13-D, Althaver met with General Electric Capital Corp. GECC agreed to buy $35 million in preferred stock, convertible into 20% of Walbro's equity. But the terms for putting that much stock in presumably friendly hands were stiff. The preferred stock paid an 8% dividend, escalating by 3% every six months until it reached 15%. In addition to this handsome return on its money, GECC charged Walbro $1.5 million for underwriting the stock.

Meanwhile, UIS had broadened its offer to include 100% of Walbro's stock, and UIS lawyers were trying to undo both the preferred stock sale and the agreement between Walbro and its Cass City shareholders. But on Oct. 5 the Delaware Chancery Court declined to enjoin these defensive moves, and three days later peace negotiations began. On the morning of Oct. 13, Walbro agreed to buy back half of UIS' 432,000 shares at 17, and UIS promised not to acquire more Walbro shares for four years. (Two weeks later, in the wake of the stock market crash, Walbro shares fell to 11⅛.) In December, after spending $14 million to buy back its own stock, Walbro borrowed $20 million to help retire the GECC preferred issue. In April Walbro replaced the $20 million loan with a private placement of convertible debt.

The Up & Comers

WHERE THE MONEY IS

How well do small growth companies pay their chief executives? Do chief executives of these businesses own a great deal of stock in their company? Below are the 11 industries into which most of this year's Forbes 200 Best Small Companies in America were grouped. As befits the times, bosses of growing companies in the Finance/Investment Management industry both earned and owned the most: a median compensation level of $538,200 and stock in their companies worth a median $25 million and change. While the specialty chemical business was way behind in compensation (at a median $332,100), it was a close second in the value of executives' shareholdings. In last place in compensation was the fiercely competitive retail food and restaurant industry. Military electronics firms were in last place by value of executives' stockholdings.

Industry	Median compensation (000)	Median holdings (000)
Finance-investment management	$538.2	$25,187
Retail-apparel	495.6	17,935
Computer-services	347.4	8,369
Chemicals-specialty	332.1	22,157
Insurance-property & casualty	300.0	7,340
Automobiles & trucks-original equipment	278.0	9,134
Electronics-military systems	274.5	1,541
Computer-software	262.0	13,773
Financial/business services	255.4	9,031
Pollution control equipment & services	221.5	7,106
Retail-food & restaurants	209.8	3,518

The 200 Best Small Companies database (for the complete listing, see FORBES, Nov. 14) also sheds some light on the difference between the founders and professional managers in charge of high-performance small companies. Founders still run half of these firms. Not surprisingly, they tend to pay themselves less than do nonfounders—about $85,000 a year less. But when it comes to stock ownership, the median founder's shareholding is worth over $8 million—twice as much as the professional manager's median.—Steve Kichen

	Median compensation (000)	Median holdings (000)
Founders	$260.3	$8,052
Nonfounders	345.6	3,999
Total	301.9	7,328

Source: The 200 Best Small Companies in America (Forbes, Nov. 14, 1988)

Private companies are no longer at a disadvantage in raising capital. That's one reason a lot of public companies are going private. Thank you Drexel, Burnham.

The joy of private capital

By Laura Jereski

NOT LONG AGO a fast-growing private company stood at a distinct disadvantage to its public competition. It would have a tougher time finding money to fuel growth. And once it found a banker or insurance company with ready cash, the terms could be harsh, compared with what publicly traded competition found in the public markets.

No longer. Nowadays, a private company doesn't have to give away large chunks of equity or pay usurious interest rates to get the money it needs. Indeed, a large and liquid pool of cash stands ready, in the form of private placement issues.

Private placements are issues of debt or equity sold to a small number of sophisticated investors. Because the investors, which include pension funds, insurance companies and venture capitalists, are considered savvy, and the issues aren't expected to trade, the deals aren't registered with the Securities & Exchange Commission. That keeps companies' privacy intact, shielding them from prying customers or competitors. And it means the investors often have a better grip on their investments than they do in the public market.

Illustrations by Jean-François Allaux

IDD Information Services of New York estimates $100 billion will be placed privately this year—and this doesn't include certificates of deposit, collateralized mortgage obligations and deposit notes placed through brokers. Some of the private placements are done for publicly traded companies, but perhaps half ($50 billion) will go to private companies—those without publicly traded stock.

A far cry from 1982, when the private placement market totaled $24 billion—not much more than it will take to turn RJR Nabisco into a private company.

Why the sudden popularity of private ownership? Look no further than Drexel Burnham Lambert. The investment bank grew to its present size by providing capital to companies that aren't investment grade (BBB or better on the bond rating scale). In popular jargon these loans are called junk bonds, but they are by no means all junky, except by conventional standards of creditworthiness.

The low default rate on that junk bond business—2% over more than a decade—no doubt helped convince other lenders that a company's potential isn't always best measured by current earnings, on which the equity markets tend to focus. Drexel helped create a whole new attitude toward debt and borrowing that benefits private companies and small public companies mightily.

As every chief executive officer knows, there are many advantages to running a private company. Private companies are free to disregard quarterly and even annual earnings and concentrate instead on cash flow. That means the owners' interests are more in line with the creditors': The emphasis is on strengthening the company rather than on dazzling analysts with earnings pyrotechnics.

And if the private managers bungle? Private placements come with tough covenants that keep issuers on the straight and narrow. Indeed, that is why losses are so low. Cigna, for one, has written off only $126 million of

What's a private company?

A corporation qualifies for the list that begins on page 180 if it operates for-profit but does not have publicly traded common stock: Either it has too few common shareholders to file with the Securities & Exchange Commission or, if it files, its stock is not available to the general public. In the former group would be most of the 400 companies on the list, including such closely held giants as Cargill and Mars. In the latter group are such companies as United Parcel Service and Publix Super Markets, whose stock is widely held, but only by employees.

The key to determining public ownership for this list is the common stock. A company with widely traded bonds but closely held stock would be considered private. Many companies that were taken private in leveraged buyouts still have bonds owned by the general public, such as Safeway Stores, ranked number 4, and R.H. Macy, number 9 on the list.

The LBO craze in the past year has put 40 corporations on the list. This trend helped push up total revenue on the list by almost 17%, to $523 billion. The biggest newcomer by revenue is $4.6 billion Montgomery Ward, sold by Mobil in June 1988 in a management buyout. Giant RJR Nabisco, with $15.8 billion in revenues, may be on next year's list.

Excluded from the survey are mutuals, cooperatives, foreign-owned firms, joint ventures and companies 50% or more owned by public corporations. The revenue shown is for the most recent fiscal year. Some companies provided estimates, while other estimates were developed by FORBES and confirmed by outside sources.—Tina Russo

its $8.5 billion portfolio.

A private company performs to a different audience than most public companies. A private company must impress owners and creditors. A public company must impress analysts and a vast, semi-informed public.

No wonder so many big companies have stayed private: Hallmark Cards and Cox Enterprises, for example. Being private hasn't prevented them from growing into billion-dollar businesses. The 400 largest private companies in the U.S. *(the rankings begin on p. 180)* have combined revenues of $523 billion, compared with $449 billion the year before. This is an increase of almost 17%, compared with an increase of 7.4% for the largest publicly owned companies. Forty formerly public companies went private this year, compared with 21 last year. Many that have gone private in the last few years did so through leveraged buyouts. These include Beatrice and its spinoffs (Avis, TLC Beatrice and Playtex); Safeway and its spinoff, Safeway Texas; and R.H. Macy.

These companies no longer have publicly traded stock, but they may have SEC-registered debt (i.e., bonds that could trade outside the ranks of private investors). In any case, they've likely been private placement issuers.

But what about the wannabes, companies too small for public markets or too unknown for conservative bank lenders? Not to worry. This is the precious "middle market" on the lips of so many bankers talking up their stocks. And if they can't get the money from banks, there are plenty of other sources. "There is so much money around for smaller deals," says David Gezon of British merchant bank Kleinwort Benson, "that lenders often ask issuers what it will take to get the deal done."

Indeed, much of the money flooding into private placements targets deals under $100 million. Available financing for these deals has been growing 35% a year since 1985.

That's just what Raul Alarcon Jr. found when he wanted to add a Los Angeles FM radio station to his Spanish Broadcasting System. His bank, the Bank of New England, balked at lending him $35 million when the company's total revenues stood at a bare $19 million. Result? Through BNE Associates, the bank's investment banking subsidiary, Alarcon raised $35 million privately, most of it at fixed long-term rates under 11%.

Alarcon is only one of many. Take Morris Newspapers of Savannah, Ga., with over $100 million in revenues from 38 publications, four TV stations and two printers. The company, started in 1970 with two newspapers, grew by buying properties with owner financing. Last spring Morris did its first major private placement, for $60 million, to buy the Little Rock, Ark. NBC affiliate for $61 million. Says Edward Brooks, chief financial officer: "As long as we're getting what we need in the private market, we have not had to consider going public to keep growing."

With so much money available, the returns lenders require are starting to slip. "The expected return for a $25 million subordinated loan with warrants used to be 25%. It's more like 15% or 17% now," comments Wiley Sharp III at investment bank Dain Bosworth in Minneapolis. He cautions that terms are tougher for deals under $10 million, since few lenders are willing to take the time. His advice? Borrow more, even if you don't need it at the time.

Staying private has its costs. Owners can't, for instance, as easily reward executives with stock options, and owners have less liquidity. But no longer do private companies have to accept a shortage of long-term capital as one of the inevitable costs.

Next time the stock market booms, no doubt some private companies will go public to cash in. But as long as the market is quiet and plenty of debt money is available, look for the ranks of private companies to keep growing. ■

Acknowledgments

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The 400 Largest Private Companies in the U.S.

Rank this year	Rank last year	Company/business	Sales (millions)	Employees	Chief executive	City, state
1	1	**Cargill**/intl marketer of agri & bulk commodities	$38,200	55,020	Whitney MacMillan	Minneapolis, MN
2	4	**Koch Inds**/petroleum, natural gas, chemicals	16,000e	7,500	Charles Koch	Wichita, KS
3	3	**Continental Grain**/commodity trading & processing	13,000	12,000	Donald L Staheli	New York, NY
4	2	•**Safeway Stores**/supermarkets	13,000e	115,000	Peter A Magowan	Oakland, CA
5	6	**United Parcel Service**/package delivery	9,682	170,000	John W Rogers	Greenwich, CT
6	■	•**Southland**/convenience stores	8,466[1]	43,600	John P Thompson	Dallas, TX
7	7	**Mars**/candy manufacturing, pet food, rice	8,000e	22,000	Forrest E Mars Jr	McLean, VA
8	9	•**Supermarkets General**/groc stores, home improvement ctrs	5,770	30,000	Kenneth Peskin	Carteret, NJ
9	10	•**RH Macy**/department stores	5,729	70,000	Edward S Finkelstein	New York, NY
10	11	**Peter Kiewit Sons'**/packaging, construction, coal mining	4,682	32,000	Walter Scott Jr	Omaha, NE
11	■	•**Montgomery Ward & Co**/department stores	4,639	35,000	Bernard F Brennan	Chicago, IL
12	8	**Bechtel Group**/engineering & construction	4,500	17,500	Stephen D Bechtel Jr	San Francisco, CA
13	■	•**Stop & Shop Cos**/supermkts, Bradlees discount dept strs	4,300	44,000[2]	Avram J Goldberg	Boston, MA
14	16	**Publix Super Markets**/grocery stores	4,187	21,220	George W Jenkins	Lakeland, FL
15	18	**Carlson Cos**/worldwide service corporation	4,100	51,000	Curtis L Carlson	Minneapolis, MN
16	■	•**Trans World Airlines**/airline	4,100	29,919	Carl C Icahn	New York, NY
17	14	•**ARA Services**/food svcs, uniform rentals, child care svcs	4,019	119,886	Joseph Neubauer	Philadelphia, PA
18	12	•**Beatrice**[3]/food processing	4,012	19,700	Frederick B Rentschler	Chicago, IL
19	13	**Goldman, Sachs**/investment banking, securities brokerage	4,000e	6,800	John L Weinberg	New York, NY
20	73	**Peat Marwick Main**/accounting	3,800	60,000	Larry D Horner	New York, NY
21	17	•**Owens-Illinois**/packaging	3,600	48,000	Robert J Lanigan	Toledo, OH
22	19	•**Borg-Warner**/auto parts, security svcs	3,500	75,000	James F Bere	Chicago, IL
23	■	•**American Standard**/bldg, air conditioning, transport prods	3,400	39,300	William B Boyd	New York, NY
24	15	**Drexel Burnham Lambert**/invest banking, sec brokerage	3,200	10,000	Frederick H Joseph	New York, NY
25	23	**Marmon Group**/multicompany	3,200	25,545	Robert A Pritzker	Chicago, IL

Revere Copper & Brass rode off the private list after selling its pots-and-pans line to Corning Glass and its other divisions elsewhere.

26	104	**Taubman Co**/real estate devel & mgmt	3,000e	450	Robert C Larson	Bloomfield Hills, MI
27	45	**Riklis Family Corp**/holding company	2,931e[4]	44,200	Meshulam Riklis	New York, NY
28	20	•**Burlington Industries**/textiles	2,900e	26,000	Frank S Greenberg	Greensboro, NC
29	■	•**Grand Union**/grocery stores	2,872	22,000	Floyd Hall	Wayne, NJ
30	24	•**Levi Strauss**/apparel	2,870	32,000	Robert D Haas	San Francisco, CA
31	43	**Arthur Andersen & Co**/accounting	2,800	45,918	Duane R Kullberg	Chicago, IL
32	25	•**Jack Eckerd**/drugstores	2,750	30,000	Stewart Turley	Clearwater, FL
33	21	•**American Financial**/insurance, savings & loan	2,708[5]	5,000	Carl H Lindner	Cincinnati, OH
34	41	**Lefrak Organization**/real estate devel & mgmt	2,600e	18,000	Samuel J LeFrak	Rego Park, NY
35	26	**Astroline**/oil trading	2,500	70	Fred Boling	Reading, MA
36	28	•**MacAndrews & Forbes Holdings**/cosmetics & beauty prods	2,500	24,582	Ronald O Perelman	New York, NY

■ Not on last year's list. •Went private via leveraged buyout since 1980. e: Estimate. [1]Estimate for fiscal year ending December 1988. [2]Includes full- and part-time employees. [3]Listed as BCI Holdings last year. [4]Figure includes Rapid-American, E-II Holdings, Fabergé, Elizabeth Arden. [5]Excludes revenues from United Brands and other unconsolidated subsidiaries.

The 400 Largest Private Companies in the U.S.

Rank this year	Rank last year	Company/business	Sales (millions)	Employees	Chief executive	City, state
37	31	•Revco DS/drugstores	$2,409	28,800	Boake A Sells	Twinsburg, OH
38	51	Coopers & Lybrand/accounting	2,400e	41,114	Peter R Scanlon	New York, NY
39	39	SC Johnson & Son/specialty chemicals	2,400e	11,500	Samuel C Johnson	Racine, WI
40	29	Milliken & Co/textiles	2,400e	20,000	Roger Milliken	Spartanburg, SC
41	32	Advance Publications/communications	2,397e	19,000	SI Newhouse Jr	Staten Island, NY
42	37	Gateway Foods/food wholesaling	2,330	3,750	DB Reinhart	La Crosse, WI
43	30	H Group Holdings/hotels	2,330e	40,000	Jay Pritzker	Chicago, IL
44	85	Anschutz/railroads, oil, gas, real estate, mining	2,300e	24,000	Philip F Anschutz	Denver, CO
45	36	HE Butt Grocery/grocery stores	2,300	12,000	Charles C Butt	San Antonio, TX
46	38	Hallmark Cards/greeting cards & related prods	2,250e	19,000	Irvine O Hockaday Jr	Kansas City, MO

In 1988 TWA became the first airline to join the private list. Its chairman wants to acquire another air carrier and add to TWA's $4.1 billion in revenues.

47	48	Price Waterhouse/accounting	2,200	38,000	Joseph E Connor	New York, NY
48	58	Ernst & Whinney/accounting	2,191	35,600	Ray J Groves	Cleveland, OH
49	63	JM Family Enterprises[1]/distributor of Toyotas	2,100	2,300	James M Moran Sr	Deerfield Beach, FL
50	59	Farley Industries/underwear, boots, auto parts	2,090e	25,000	William Farley	Chicago, IL
51	■	•Best Products/general merchandise, jewelry stores	2,070	9,000	Ben Weinstein	Richmond, VA
52	68	Arthur Young/accounting	2,053	32,500	William L Gladstone	New York, NY
53	256	Penske/truck leasing, diesel mfg, auto dealerships	2,050e	9,200	Roger S Penske	Red Bank, NJ
54	■	•Uniroyal Goodrich Tire/tires	2,047	18,500	B Charles Ames	Akron, OH
55	44	Cumberland Farms/convenience strs, petroleum distrib	2,000e	10,000	Demetrios B Haseotes	Canton, MA
56	46	Finevest Services/food processing, insur, health care svcs	2,000	14,000	William R Berkley	Greenwich, CT
57	49	Hearst Corp/publishing, broadcasting	2,000e	15,000	Frank A Bennack Jr	New York, NY
58	42	Meijer/department & grocery stores	2,000	19,000	Fred Meijer	Grand Rapids, MI
59	78	Deloitte Haskins & Sells/accounting	1,900	30,000	J Michael Cook	New York, NY
60	56	McLane/food distributing	1,845	3,600	Drayton McLane Jr	Temple, TX
61	47	•Dominick's Finer Foods/retail food & grocery	1,842e	7,500	Jim DiMatteo	Northlake, IL
62	■	•Hillsborough Holdings/home bldg, natl resources, ind mfg	1,825	13,000	Joe B Cordell	Tampa, FL
63	52	Belk Brothers/department stores	1,810	33,000	John M Belk	Charlotte, NC
64	54	Graybar Electric/electrical & telecomm equip wholesaling	1,800	4,700	James L Hoagland	St Louis, MO
65	■	•Payless Cashways/home improvement centers	1,770	12,491	David Stanley	Kansas City, MO
66	■	•Fort Howard/paper prods	1,758	16,623	Paul J Schierl	Green Bay, WI
67	66	Touche Ross & Co/accounting	1,750e	31,500	Edward A Kangas	New York, NY
68	55	Cox Enterprises/newspapers, broadcasting, cable tv	1,666	21,000	James C Kennedy	Atlanta, GA
69	34	George E Warren/petroleum trading	1,658	35	Thomas L Corr	Framingham, MA
70	■	•Colt Industries/aerospace, automotive, indus equip	1,642	16,600	David I Margolis	New York, NY
71	57	Steelcase/office furniture & systems	1,630	14,000	Robert C Pew	Grand Rapids, MI
72	72	Estée Lauder/cosmetics	1,600e	10,000	Leonard Lauder	New York, NY
73	65	Giant Eagle/grocery stores	1,600	12,000	David S Shapira	Pittsburgh, PA

■ Not on last year's list •Went private via leveraged buyout since 1980 e Estimate [1]Listed as Southeast Toyota last year.

The 400 Largest Private Companies in the U.S.

Rank this year	Rank last year	Company/business	Sales (millions)	Employees	Chief executive	City, state
74	98	**Gulf States Toyota**/auto importing	$1,600e	850	Jerry Pyle	Houston, TX
75	62	**Reader's Digest Association**/publishing	1,600	7,500	George V Grune	Pleasantville, NY
76	■	•**HealthTrust**/hospitals	1,500e	23,000	R Clayton McWhorter	Nashville, TN
77	70	**Hy-Vee Food Stores**/grocery stores	1,500	6,718	Ron Pearson	Chariton, IA
78	71	**Union Holdings**/natural gas, food processing	1,500	2,700	Anthony L Geller	Independence, KS
79	40	**Knoll International Holdings**/automotive parts	1,493	15,600	Marshall S Cogan	New York, NY
80	214	**Amway**/household & personal care prods	1,477	7,000	Jay Van Andel	Ada, MI
81	76	•**Leaseway Transportation**/trucking	1,454	20,000	Richard A Damael	Beachwood, OH
82	64	**Stroh Brewery**/beer, beverages	1,450	5,000	Peter W Stroh	Detroit, MI
83	■	•**TLC Beatrice International Holding**/food processing	1,440	11,000	Reginald F Lewis	New York, NY
84	50	**Helmsley-Spear**/commcl leasing, sales, consult & mgmt	1,430e	13,000	Harry B Helmsley	New York, NY
85	149	**Scoular**/grain storing & trading	1,410	500	Marshall E Faith	Omaha, NE
86	69	•**Reliance Electric**/elec motors, controls, mech power trans	1,408	17,000	John C Morley	Cleveland, OH
87	96	**Delaware North Cos**/airport & sports concessions, tracks	1,400e	43,000	Jeremy M Jacobs	Buffalo, NY
88	318	**DHL Worldwide Express**[1]/air express service	1,400e	17,000	Patrick Foley	Redwood City, CA
89	53	**Services Group of America**/food distrib, stevedoring, insur	1,400	5,000	Thomas J Stewart	Seattle, WA
90	88	**Trammell Crow**/real estate develop & mgmt	1,400e	7,500	J McDonald Williams	Dallas, TX
91	81	**Weirton Steel**/steel	1,329	8,100	Herbert Elish	Weirton, WV
92	■	•**Charter Medical**/manages hospitals	1,300	11,000	William A Fickling Jr	Macon, GA
93	77	**Connell Rice & Sugar**/hvy equip lease, food export & import	1,300e	200	Grover Connell	Westfield, NJ
94	79	**Dunavant Enterprises**/intl & domestic cotton merch	1,300	1,250	William B Dunavant Jr	Memphis, TN
95	■	•**Duracell**/batteries & lighting prods	1,300	9,200	C Robert Kidder	Bethel, CT
96	80	**Furr's**/grocery stores	1,300	10,439	Jan Friederich	Lubbock, TX
97	86	•**Hook-SupeRx**/drugstores	1,300	12,500	Philip E Beekman	Cincinnati, OH
98	107	**Sammons Enterprises**/insurance, cable TV, industrial equip	1,300	6,800	Robert W Korba	Dallas, TX

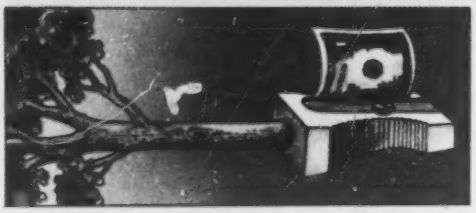
LBO mania: Of the 400 companies on our list this year, 106 would not have been here five years ago because they were either public or part of another company.

99	■	•**John Alden Financial**/insurance	1,271	1,500	Glendon E Johnson	Miami, FL
100	82	**National Amusements**/movie theaters, broadcast, cable TV	1,260	8,000	Sumner M Redstone	Dedham, MA
101	83	•**Restaurant Enterprises Group**/restaurants	1,211	39,660	Norman Habermann	Irvine, CA
102	76	**Global Petroleum**/petroleum wholesaling	1,202	160	Alfred A Slifka	Waltham, MA
103	95	•**Cole National**/specialty retailing	1,200	12,000	Jeffrey A Cole	Cleveland, OH
104	100	**Hillman**/real estate devel, dist office prods, investments	1,200e	3,500	Henry L Hillman	Pittsburgh, PA
105	87	**JR Simplot**/agribusiness, food processing	1,200	9,500	Gordon Smith	Boise, ID
106	■	•**Wickes Lumber**/retailing of building materials	1,200	7,000	Leslie L Hagen	Vernon Hills, IL
107	102	**Ingram Inds**/marine trans, oil, insurance, consumer prods	1,170e	3,000	E Bronson Ingram	Nashville, TN
108	61	**JMB Realty**/real estate syndication	1,150e	15,000	Neil Bluhm	Chicago, IL
109	112	**Gates**/rubber & formed fiber prods, recharg batteries	1,120	16,000	Charles C Gates	Denver, CO

■ Not on last year's list. •Went private via leveraged buyout since 1980. e: Estimate. [1]Listed as DHL Airways last year.

The 400 Largest Private Companies in the U.S.

Rank this year	Rank last year	Company/business	Sales (millions)	Employees	Chief executive	City, state
110	84	•**Dillingham Construction**/construction, engineering	$1,106	1,200	Donald K Stager	Pleasanton, CA
111	139	**Gillett Group**/meatpacking, broadcasting, resorts	1,100	4,800	George N Gillett Jr	Nashville, TN
112	171	**Transammonia**/trading fertilizers & petroleum prods	1,100	175	Ronald P Stanton	New York, NY
113	92	**Frederick Weisman**/auto importing, insurance	1,100	585	Frederick Weisman	Glen Burnie, MD
114	153	•**Connell Limited Partnership**/metal recycling, indust equip	1,085e	3,100	William F Connell	East Boston, MA
115	117	•**LaSalle Energy**/natural gas pipeline	1,078e	1,900	Roy H Bettis Jr	Dallas, TX
116	99	**Hartz Mountain**/pet food, real estate, publishing	1,075e	5,000	Leonard Stern	Harrison, NJ
117	137	**Fidelity Investments**/mutual fund mgmt, discount broker	1,075	5,700	Edward C Johnson 3d	Boston, MA
118	33	**Lincoln Property**/real estate devel & mgmt	1,075	3,000	A Mack Pogue	Dallas, TX
119	91	**Frank Consolidated Enterprises**/auto dealerships	1,070	1,500	Zollie S Frank	Des Plaines, IL



Fort Howard, of Green Bay, Wis., with $1.76 billion in revenues and 16,000 workers, is the largest of seven forest products companies on this list.

120	193	**Kohler**/plumbing equip, engines, generators, hotels	1,068	12,500	Herbert V Kohler Jr	Kohler, WI
121	175	**Edward J DeBartolo**/real estate, dept strs, race tracks	1,066e	12,000	Edward J DeBartolo	Youngstown, OH
122	90	**Gilbane Building**/commercial construction	1,063	977	Paul J Choquette Jr	Providence, RI
123	133	•**Avis**/auto rental	1,060	14,000	Joseph V Vittoria	Garden City, NY
124	173	•**Amstar**/multicompany	1,057	4,624	Howard B Wentz Jr	Stamford, CT
125	103	**Sweet Life Foods**/food wholesaling	1,050e	3,000	Julian Leavitt	Suffield, CT
126	■	•**Cullum Cos**/supermarkets, drugstores, meatpacking	1,040	7,000	Jack W Evans	Dallas, TX
127	■	•**Service America**/food service & vending	1,016	19,000	Carr Newcomer	Stamford, CT
128	■	**A-Mark Financial**/wholesaler of precious metals	1,000	50	Steven C Markoff	Santa Monica, CA
129	126	**BeefAmerica**[1]/meatpacking	1,000	1,800	Michael M Erman	Omaha, NE
130	94	**Chilewich Sons**/commodity trading, hides, cattle, meat	1,000	850	Simon Chilewich	New York, NY
131	97	**E&J Gallo Winery**/wine	1,000	3,000	Ernest Gallo	Modesto, CA
132	■	**Harris Wholesale**/wholesale distributor of drugstore prods	1,000	850	Seth B Harris	Solon, OH
133	101	**Holiday Cos**/gasoline retailing, convenience stores	1,000e	5,000	Ronald Erickson	Minneapolis, MN
134	■	•**Kash n' Karry Food Stores**/grocery stores	1,000e	5,328	Ronald J Floto	Tampa, FL
135	■	•**Lear Siegler Seating**/automobile seats	1,000	7,000	Kenneth Way	Southfield, MI
136	75	**Oxbow**/oil, geothermal energy, coal, real estate	1,000	300	William Koch	Dedham, MA
137	115	**Simpson Timber**/lumber & plywood doors, building board	1,000e	2,100	William G Reed Jr	Seattle, WA
138	105	**Taubman Investment**/department stores, restaurants	1,000	14,000	A Alfred Taubman	Bloomfield Hills, MI
139	119	**Wegmans Food Markets**/grocery stores	1,000e	5,211	Robert B Wegman	Rochester, NY
140	■	•**Eagle Food Center**/grocery stores	999	7,869	Pasquale V Petitti	Milan, IL
141	151	**Andersen Corp**/windows, patio doors	983	3,900	W Arvid Wellman	Bayport, MN
142	168	**Crowley Maritime**/diversified maritime company	980	5,000	Thomas B Crowley	San Francisco, CA
143	109	**Schnuck Markets**/grocery stores	975e	2,936	Donald O Schnuck	Bridgeton, MO
144	108	**Perdue Farms**/poultry processing	973	12,700	Donald W Mabe	Salisbury, MD
145	129	•**Amsted Industries**/RR equip, industrial equip, bldg mtrls	960	8,700	Robert H Wellington	Chicago, IL
146	122	**First Brands**/consumer prods	925	3,900	Alfred E Dudley	Danbury, CT

■ Not on last year's list. •Went private via leveraged buyout since 1980. e: Estimate. [1]Listed as Dubuque Packing last year.

The 400 Largest Private Companies in the U.S.

Rank this year	Rank last year	Company/business	Sales (millions)	Employees	Chief executive	City, state
147	■	**Polo/Ralph Lauren**/apparel	$925e	1,500	Peter Strom	New York, NY
148	144	**Thrifty Oil**/petroleum, convenience stores	924	1,350	Ted Orden	Downey, CA
149	189	**MagneTek**/electronic equipment	910	13,000	Frank Perna Jr	Los Angeles, CA
150	145	**Clark Enterprises**/commercial construction	900e	2,500	A James Clark	Bethesda, MD
151	118	**DeMoulas Super Markets**/grocery stores	900	7,000	TA DeMoulas	Tewksbury, MA
152	147	**Golub**/grocery stores	900e	4,000	Lewis Golub	Schenectady, NY
153	123	**Grocers Supply Co**/food wholesaling	900	1,100	Milton Levit	Houston, TX
154	114	**Raley's**/grocery stores	900	6,000	Thomas P Raley	West Sacramento, CA
155	148	**Rockefeller Group**/real estate, telecomm, entertainment	900e	3,700	Richard A Voell	New York, NY
156	111	**Tauber Oil**/petroleum & petrochemical wholesaling	900e	50	Of Tauber Jr	Houston, TX
157	127	**Axel Johnson & Co**[1]/energy, industrial prods, electronics	890	1,600	Vernon R Anderson	New York, NY
158	121	**Potamkin**/auto dealerships	890e	3,000	Victor Potamkin	New York, NY
159	120	**Hunt Corp**/general contractor, construction manager	885	3,200	Robert C Hunt	Indianapolis, IN
160	128	•**Levitz Furniture**/furniture retailing	885	6,400	Robert M Elliott	Boca Raton, FL
161	161	**Domino's Pizza**/pizza delivery	884	15,000	Thomas S Monaghan	Ann Arbor, MI
162	135	•**Tops Markets**/grocery stores, convenience stores	883	2,910	Savino P Nanula	Buffalo, NY
163	134	•**Golden State Foods**/food process & distrib for McDonald's	880	1,450	James E Williams	Pasadena, CA
164	166	**Maritz**/marketing & business services	871	4,500	William E Maritz	Fenton, MO
165	■	•**Epic Healthcare Group**/hospitals	861	10,000	Ken S George	Irving, TX
166	■	**Dyson-Kissner-Moran**/multicompany	853	3,542	John A Moran	New York, NY
167	■	•**MorningStar Foods**/dairy & food processing	853	4,000	James W Parker	Dallas, TX
168	■	•**DynCorp**/electrical contracting & technical svcs	850	16,000	Dan Bannister	Reston, VA
169	■	•**Kendall Co**/health care prods	850	10,000	J Dale Sherratt	Boston, MA
170	259	**Merchants Distributors**/food wholesaling	850	3,000	Boyd George	Hickory, NC
171	156	**Pacific Holding**/multicompany	850e	4,400	David H Murdock	Los Angeles, CA

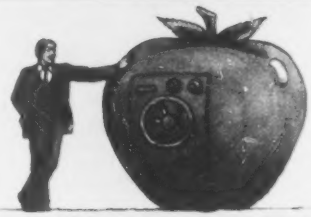
One of America's largest mail-order retailers is Freeport, Me.-based L.L. Bean, with $493 million in revenues.

172	165	**Hughes Markets**/dairy, grocery stores	840	4,500	Fred B McLaren	Los Angeles, CA
173	140	•**GLI Holding**/Greyhound bus lines	830e	12,000	Fred G Currey	Dallas, TX
174	■	•**MWC**/pharmaceutical wholesaler	828	700	Mel Whitmere	Folsom, CA
175	167	**84 Lumber**/retail building materials	821	3,000	Joseph A Hardy Sr	Eighty Four, PA
176	■	**William Lyon**/home building	821	950	William Lyon	Newport Beach, CA
177	192	**Duchossois Industries**/railroad equipment	820	8,000	Richard L Duchossois	Elmhurst, IL
178	141	**Hunt Consolidated**/petroleum & gas exploration & refining	820e	2,500	Ray L Hunt	Dallas, TX
179	■	•**Pueblo International**/grocery stores	816	5,000	David Morrow	San Juan, PR
180	■	•**Safeway Texas Division**/grocery stores	815	2,900	Dean Gantt	Houston, TX
181	146	**Ferrell Cos**/propane gas	810	2,591	James E Ferrell	Liberty, MO
182	■	**American Protection Inds**/burglar alarms, Franklin Mint	805	4,712	Neil Bersch	Los Angeles, CA

■ Not on last year's list. •Went private via leveraged buyout since 1980. e: Estimate. [1]Listed as A Johnson & Co last year.

The 400 Largest Private Companies in the U.S.

Rank this year	Rank last year	Company/business	Sales (millions)	Employees	Chief executive	City, state
183	154	**Esprit de Corp**/apparel	$800	4,000	Corrado Federico	San Francisco, CA
184	181	**Randall's Food Markets**/grocery stores	800	2,331	Robert R Onstead	Houston, TX
185	138	**Schreiber Foods**/food processing	800	2,300	Robert G Bush	Green Bay, WI
186	■	•**United Refining**/petroleum refining	800	3,000	John A Catsimatidis	Warren, PA
187	132	**Amerco**/U-Haul vehicle rental	795	13,000	Edward J Shoen	Phoenix, AZ
188	163	•**Cone Mills**/textiles	776	10,800	Dewey L Trogdon	Greensboro, NC
189	321	•**J&L Specialty Products**/flat-rolled stainless steel	774	1,400	Claude F Kronk	Pittsburgh, PA
190	170	•**Guardian Industries**/flat glass	761	7,211	William Davidson	Northville, MI
191	179	**Jordan Company**/multicompany	750	8,500	John W Jordan II	New York, NY
192	■	•**JPS Textile Group**/carpet, elastics, yarn, apparel fibers	750	9,000	Jerry E Hunter	Greenville, SC



New York is the site of 68 of the largest private companies, more than any other state.

193	196	**Oklahoma Publishing**/publishing, broadcasting, entertain	750	8,000	Edward L Gaylord	Oklahoma City, OK
194	NA	•**Printing Holding, LP**[1]/printing	750	5,300	Gerald S Armstrong	New York, NY
195	143	•**Red Owl Stores**/food wholesaling	750	1,300	C Patrick Schulke	Hopkins, MN
196	136	**McDevitt & Street**/general contractor, commcl, ind, instit	748	2,635	E Robert Street	Charlotte, NC
197	164	**Holman Enterprises**/auto dealerships, parts remanufacturing	745	1,952	Joseph S Holman	Pennsauken, NJ
198	■	•**First American Bankshares**/bank holding	738	5,715	Robert G Stevens	Washington, DC
199	261	**Ruffin Cos**/petrol broker, convenience strs, handtruck mfg	738	800	Phil G Ruffin	Wichita, KS
200	■	•**Essex Group**/wire, cable and electrical insulation	737	4,000	John M Bruce	Fort Wayne, IN
201	183	**Young & Rubicam**/advertising	736	11,000	Alexander Kroll	New York, NY
202	245	**Paragon Group**/real estate devel & mgmt	733	1,600	WR Cooper	Dallas, TX
203	■	•**Arkansas Best**/trucking	732	10,492	Robert A Young III	Fort Smith, AR
204	■	•**Bell & Howell**/publishing, info systems	727	8,000	Gerald Schultz	Skokie, IL
205	160	**Lennox International**/climate-control equipment	725e	6,500	John W Norris Jr	Dallas, TX
206	213	**Southwire**/metal fabricating, wire & cable manufacturing	718	3,873	Roy Richards Jr	Carrollton, GA
207	■	**Braman Enterprises**/auto dealerships	710e	825	Norman Braman	Miami, FL
208	■	•**Singer**/defense electronics	709e	11,500	WF Smied	Stamford, CT
209	■	**TRC**/restaurants	707	7,800	Donald N Smith	Itasca, IL
210	■	•**Tracor**/electronics, instrument & component mfg	702	11,000	Mellon C Baird	Austin, TX
211	176	**Rich Products**/frozen foods, ...ro sports, broadcasting	702	5,800	Robert E Rich Jr	Buffalo, NY
212	191	**Associated Metals & Minerals**/steel trading	700e	210	Stefan E Eliel	White Plains, NY
213	152	•**Channel Home Centers**/home improvement centers	700	8,500	Leon Berger	Whippany, NJ
214	■	•**Farm Fresh**/grocery stores	700	5,000	Michael E Julian	Norfolk, VA
215	238	•**Hyster**/forklift trucks, mtrl handling equip	700	5,000	J Phillip Frazier	Portland, OR
216	■	•**National Car Rental**/car rental	700e	9,000	Vincent A Wasik	Minneapolis, MN
217	125	**Trump Organization**/hotels & casinos, real estate devel	700e	20,000	Donald J Trump	New York, NY
218	199	**Wilbur-Ellis**/distributing farm supplies	700	1,200	Carter P Thacher	San Francisco, CA
219	198	**Science Applications International**/R&D, sys integration	694	7,000	Dr JR Beyster	San Diego, CA

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The 400 Largest Private Companies in the U.S.

Rank this year	Rank last year	Company/business	Sales (millions)	Employees	Chief executive	City, state
220	178	**Johnson & Higgins**/insur brokerage, risk mgmt consultants	$690	7,575	Robert V Hatcher Jr	New York, NY
221	190	•**Arcata**/bo[illegible] & magazine printing	690e	6,800	Edward L Scarff	San Francisco, CA
222	142	**McCarthy**/commercial & institutional construction	685	1,325	Michael M McCarthy	St Louis, MO
223	221	**Brenlin Group**/metal fabricating, steel	660e	3,600	David L Brennan	Akron, OH
224	162	**First Texas Financial**/savings & loan	658	2,547	J Livingston Kosberg	Dallas, TX
225	150	**Oppenheimer & Co**/securities brokerage, investment bank	658	2,400	Stephen Robert	New York, NY
226	■	**Tishman Realty & Construction**/construction mgmt, real est	655	775	John Tishman	New York, NY
227	206	•**Exide**/batteries	652	5,000	Arthur Hawkins	Reading, PA
228	■	**American Breco**/supermarkets, real estate, ranching	650	5,300	Alfredo Brener	Los Angeles, CA
229	194	**MediaNews Group**/newspapers	650	6,000	W Dean Singleton	Houston, TX
230	■	**Placid Oil**/oil & gas exploration	650	1,100	CD Brown	Dallas, TX
231	229	**Roseburg Forest Products**/forest prods	650	5,300	John Stephens	Roseburg, OR
232	225	**Tang Industries**/metal fabricating & distributing	650	3,000	Cyrus Tang	Elk Grove Village, IL
233	272	**C&S Wholesale Grocers**/wholesale grocery distributors	648	850	Lester Cohen	Brattleboro, VT
234	■	**VT**/auto dealerships	646	2,500	Cecil Van Tuyl[1]	Mariam, KS
235	■	•**Johnston Coca-Cola Bottling**/soft drink bottling	646	3,700	Summerfield Johnston	Chattanooga, TN
236	■	•**Pullman**/ind & transport equip, auto parts	643	9,000	Richard W Vieser	Princeton, NJ
237	■	•**Insilco**/metal fabricating, electronics, commun, paint	640	9,000	Donald J Harper	Meriden, CT
238	249	**Crown American**/depart stores, real estate mgmt & devel	639	13,000	Frank J Pasquerilla	Johnstown, PA
239	110	**Mellon Stuart Holdings**/commercial construction	639	1,450	Robert Luffe	Pittsburgh, PA
240	202	**United Van Lines**/moving services	631	900	Robert J Baer	Fenton, MO
241	186	•**Ticor**/title insurance & real estate tax svcs	627	6,200	Winston V Morrow	Los Angeles, CA
242	244	**Young's Market**/food & liquor wholesaling	626	1,400	Vernon Underwood Jr	Los Angeles, CA
243	■	**Farmstead Foods**/meatpacking	620	3,200	Keith Barnes	Albert Lea, MN
244	200	•**King Kullen Grocery**/supermarkets	620	2,050	John B Cullen	Westbury, NY

The 400 largest private companies have combined revenues of $523 billion, versus $2.6 trillion for the 400 largest public firms.

245	■	•**Metromedia**/restaurants, telecommunications, investing	620[2]	3,000	John W Kluge	Secaucus, NJ
246	216	•**Ampex**[3]/tv, broadcast equip, magnetic tape	619	6,700	Max O Mitchell	Redwood City, CA
247	188	•**Playtex**/personal care garments & prods	614	8,000	Joel E Smilow	Stamford, CT
248	207	**Battelle Memorial Institute**/research & develop	610	8,240	Dr Douglas E Olesen	Columbus, OH
249	201	•**Warnaco**/apparel	609	11,700	Linda J Wachner	New York, NY
250	257	**Phelps**/commercial construction & mfg	607	2,300	Robert G Tointon	Greeley, CO
251	215	**Brookshire Grocery**/grocery stores	605e	6,000	Bruce G Brookshire	Tyler, TX
252	218	**Rock Island Refining**/petroleum refining	604	1,800	William E Huff	Indianapolis, IN
253	182	**Drummond**/coal	603	3,300	Garry N Drummond	Jasper, AL
254	203	•**Big V Supermarkets**/grocery stores	600	1,650	David G Bronstein	Florida, NY
255	209	**B Green & Co**/food wholesaling, grocery stores	600	1,700	Bernard Green	Baltimore, MD

■ Not on last year's list. •Went private via leveraged buyout since 1980. e: Estimate [1]Larry Van Tuyl is co-CEO.
[2]Company provided estimate for fiscal 1988; excludes 60%-owned Orion Pictures. [3]Listed as Shereborne Group last year.

The 400 Largest Private Companies in the U.S.

Rank this year	Rank last year	Company/business	Sales (millions)	Employees	Chief executive	City, state
256	■	•Jim Walter/building materials	$600	3,200	Kenneth E Hyatt	Tampa, FL
257	195	Metallurg/metals mining	600	3,500	Michael A Standen	New York, NY
258	■	Red Apple Cos/grocery stores	600	5,000	John A Catsimatidis	New York, NY
259	227	Schwan's Sales Enterprise/frozen foods	600	6,000	Marvin Schwan	Marshall, MN
260	226	WWF Paper/fine paper distributor	600	750	Edward V Furlong Jr	Bala Cynwyd, PA
261	106	Wyatt/petroleum wholesaling	600[1]	90	Kirk F Blanchard	New Haven, CT
262	131	•Parsons Corp/engineering & construction	592	7,000	William E Leonhard	Pasadena, CA
263	172	PIE Nationwide/trucking	588	8,000	Charles F Rodgers	Jacksonville, FL
264	174	•Mayflower Group/moving svcs	585	1,953	John B Smith	Carmel, IN
265	307	Encyclopedia Britannica/reference books, educ svcs	583e	1,200	Robert P Gwinn	Chicago, IL

American Standard is among the firms that got on this list by going private in an LBO in the past year. Others: Bell & Howell, Best Products, Duracell, Montgomery Ward, Payless Cashways, Singer, Southland and Stop & Shop Cos.

266	185	•Bath Iron Works/ship building	578	7,500	William E Haggett	Bath, ME
267	■	Eby-Brown Cos/candy, tobacco, food & merchandise distrib	575	536	Richard Wake[2]	Aurora, IL
268	169	Worldwide Volkswagen/auto distributing	574	400	Victor Elmaleh[3]	Orangeburg, NY
269	223	JM Petroleum/petroleum transporting	570	200	James C Musselman	Dallas, TX
270	224	North Pacific Lumber/wholesale forest, agricul, steel prods	567	377	Leo T Gibbons	Portland, OR
271	246	The Andersons/agribusiness, consumer products	566	875	Richard P Anderson	Maumee, OH
272	219	Irvine Co/real estate devel	565	400	Donald Bren	Newport Beach, CA
273	205	•Morse Shoe/shoes	558	4,300	Manuel Rosenberg	Canton, MA
274	236	Bartlett & Co/grain, flour, cattle feed	550	550	Paul D Bartlett Jr	Kansas City, MO
275	■	Chase Enterprises/real estate, insurance, communications	550e	5,200	David Chase	Hartford, CT
276	326	Gordon Food Service/food distributing	550	1,250	Paul Gordon	Grand Rapids, MI
277	281	Minyard Food Stores/grocery stores	550	5,500	Liz Minyard[4]	Coppell, TX
278	■	•RAB Holdings/holding company	550	2,500	Richard A Bernstein	New York, NY
279	■	Save Mart Supermarkets/grocery stores	550	3,500	Robert Piccinini	Modesto, CA
280	■	•White Swan/wholesale food & nonfood prods	550	1,800	Ronald E Elmquist	Ft Worth, TX
281	130	Barton-Malow Enterprises/construc mgmt, gen contracting	547	1,200	Ben C Maibach Jr	Southfield, MI
282	■	•Stanadyne/diesel fuel injection systems, plumbing suppl	544	5,300	George Michel	Windsor, CT
283	184	HCB Contractors/general contracting, construction mgmt	542	1,000	Lawrence A Wilson	Dallas, TX
284	262	JM Huber/energy, rubber, natural resources	542	3,850	Michael W Huber	Edison, NJ
285	124	Lykes Bros/food processing, insurance	542e	2,500	Charles P Lykes	Tampa, FL
286	■	Morse Operations/auto dealerships	538	734	EJ Morse Sr	Fort Lauderdale, FL
287	264	Inland Real Estate/real estate mgmt, insur brokerage	538e	1,500	Daniel L Goodwin	Oak Brook, IL
288	352	PMC/specialty chemicals	535	3,500	Philip Kamins	Sun Valley, CA
289	■	Jitney-Jungle Stores/grocery stores	530	2,500	WH Holman Jr	Jackson, MS
290	254	•Kane-Miller/meatpacking	528	1,000	Stanley B Kane	Tarrytown, NY
291	233	•Pamida/discount department stores	526	5,000	C Clayton Burkstrand	Omaha, NE

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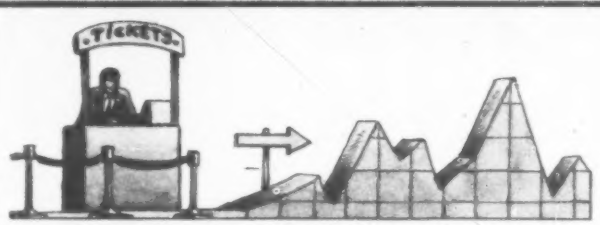
The 400 Largest Private Companies in the U.S.

Rank this year	Rank last year	Company/business	Sales (millions)	Employees	Chief executive	City, state
292	325	**Continental Cablevision**/cable broadcasting	$519e	3,500	Amos B Hostetter Jr	Boston, MA
293	260	**UIS**/auto parts	516	6,000	Harry Lebensfeld	New York, NY
294	248	**Austin Industries**/general contracting, construction, engin	515	6,500	William T Solomon	Dallas, TX
295	210	•**Republic Health**/hospitals	515	5,000	Bryan P Marsal	Dallas, TX
296	212	**Thomson McKinnon Securities**/securities brokerage	510	5,198	J Ronald Morgan	New York, NY
297	■	•**Musicland Group**/specialty music stores	510	2,300	JW Eugster	Minneapolis, MN
298	■	**Schneider National**/trucking	510	6,500	Donald J Schneider	Green Bay, WI
299	315	**Towers, Perrin, Forster & Crosby**/consulting, reinsurance	510	4,500	James E Kielley	New York, NY
300	■	•**Dr Pepper/Seven-Up Cos**/soft drinks	506	847	John R Albers	Dallas, TX
301	252	**GSC Enterprises**/food wholesaling	500	1,100	Michael K McKenzie	Sulphur Springs, TX



Revenues for 1987 for the four private brokerage and investment banking firms on this list were down 12% from the year before. When the 1988 numbers come in they will probably look a lot worse.

302	235	**Aarque Cos**/metal fabricating	500e	2,700	R Quintus Anderson	Jamestown, NY
303	■	**American Restaurant Group**/restaurants	500e	18,000	Anwar Soliman	Newport Beach, CA
304	279	**Bacardi Imports**/distilled spirits & wine	500	270	Juan Grau	Miami, FL
305	180	**Builder Marts of America**/building material wholesaling	500	600	Richard E Ingram	Greenville, SC
306	■	**CC Industries**/home furnishings, paper, real estate devel	500	6,400	Neele E Stearns	Chicago, IL
307	297	**Club Corp International**/athletic clubs & resorts	500	15,000	Robert Dedman	Dallas, TX
308	■	**Consolidated Beef Industries**/meatpacking	500e	1,300	Carl Kuehne	Green Bay, WI
309	339	**Coulter Electronics**/hematology analyzers, reagents	500	5,200	Wallace H Coulter	Hialeah, FL
310	356	**Flying J**/integrated petroleum	500	1,400	O Jay Call	Brigham City, UT
311	■	**Griffin**/real estate, casino	500e[1]	5,000	Michael Nigreas	New York, NY
312	159	•**International Controls**/truck trailers, gas retailing & distrib	500e	2,915	Arthur M Goldberg	Boca Raton, FL
313	268	**McKinsey & Co**/consulting	500	3,000	Fred Gluck	New York, NY
314	239	•**Motor Wheel**/auto parts	500e	3,300	Joseph C Overbeck	Lansing, MI
315	282	•**National Beverage**/soft drink manufacturer	500	1,100	Nick A Caporella	Fort Lauderdale, FL
316	243	**Wheaton Inds**/packaging	500e	10,000	Frank H Wheaton Jr	Millville, NJ
317	■	**Georgia Crown Distributing**/beverage distribution	497e	600	Donald M Leebern Jr	Columbus, GA
318	■	•**Northwestern Steel & Wire**/carbon steel, rod & wire prods	497	2,865	Robert M Wilthew	Sterling, IL
319	241	**Schottenstein Stores**/department & furniture stores	494	7,000	Jerome Schottenstein	Columbus, OH
320	323	**LL Bean**/outdoor sporting goods retailing & mfg	493	2,800	Leon A Gorman	Freeport, ME
321	255	•**Coca-Cola Bottling Co of NY**/soft drink bottling	490e	3,000	James Maloney	Greenwich, CT
322	312	**Walton Monroe Mills**/textiles	490	4,800	G Stephen Felker	Monroe, GA
323	■	•**AFG Industries**/flat glass manufacturing	488	5,500	RD Hubbard	Fort Worth, TX
324	■	**Pepper Companies**/commercial construction	478	1,200	Richard S Pepper	Chicago, IL
325	■	**Harbert**/commercial construct, real est devel, oil & gas	477	800	John M Harbert III	Birmingham, AL
326	232	**SnyderGeneral**/climate control equipment	477	4,300	Richard W Snyder	Dallas, TX
327	■	•**Hallmark Electronics**/electronics, computer sys	475	1,450	Jack Turpin	Dallas, TX
328	■	**Lewis Homes**/home building	475e	600	Randall Lewis	Upland, CA

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The 400 Largest Private Companies in the U.S.

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329	247	•**Marley**/diversified manufacturing	$475	5,800	Robert J Dineen	Shawnee Mission, KS
330	234	•**Joy Technologies**/mining & industrial equipment	472	4,300	Roy Wennerholm Jr	Pittsburgh, PA
331	289	**Worldmark**/bldg materials, intermediate aluminum prods	469	1,098	Dean Rhoads	North Palm Beach, FL
332	266	**Continental Cos**/hotel mgmt	465	12,000	Sherwood M Weiser	Miami, FL
333	253	**HB Zachry**/general contractor	465	6,282	H Bartell Zachry Jr	San Antonio, TX
334	265	**Coca-Cola Bottling Co of Chicago**/soft drink bottling	464e	1,800	Marvin J Herb	Chicago, IL
335	275	**Racetrac Petroleum**/convenience stores, gasoline retailing	462	1,600	Carl Bolch Jr	Atlanta, GA
336	267	**Koll**/real estate development, general contractor	458	790	Donald M Koll	Newport Beach, CA
337	■	**Dobbs Brothers Management**/auto dealerships	458	1,400	Jimmy Dobbs III	Memphis, TN
338	278	**Schwegmann Giant Super Markets**/grocery stores	456	4,500	John F Schwegmann	New Orleans, LA
339	273	**Chemcentral**/chemical distributing	450	750	H Daniel Wenstrup	Bedford Park, IL
340	298	**Day & Zimmermann**/engin, consult, bus svcs, real est	450e	13,000	Harold L Yoh Jr	Philadelphia, PA
341	231	•**Harte-Hanks Communications**/newspaper & shopper publ	450	8,000	Bob Marbut	San Antonio, TX
342	274	**Hendrick Management**/auto dealerships	450	1,100	JR Hendrick III	Charlotte, NC
343	300	•**McLouth Steel Products**/steel	450	2,200	Edward L Sambuchi	Trenton, MI
344	293	•**Meadowdale Foods**/grocery stores, food wholesaling	450e	1,670	David K Page	Detroit, MI
345	271	**Moyer Packing**/meatpacking & processing	450e	1,100	Curtis F Moyer	Souderton, PA
346	305	•**Research-Cottrell**/environmental svcs	450e	2,400	Benjamin Rawls	Somerville, NJ
347	270	**Rosenthal Cos**/auto dealerships	450	1,200	Robert M Rosenthal	Arlington, VA
348	286	•**Seligman & Latz**/jewelry, cosmetics	450	6,000	David B Cornstein	New York, NY
349	335	**United Company**/coal, oil, gas, real estate, financial svcs	450	1,300	James W McGlothlin	Bristol, VA
350	263	•**Ceco**/building materials	449	6,500	Erwin E Schulze	Oakbrook Terrace, IL
351	157	**Warren Equities**/petroleum prods, convenience stores	446	925	Warren Alpert	New York, NY
352	314	**Investors Management**/restaurants	445	18,500	James H Maynard	Raleigh, NC
353	■	**Curry**/auto dealerships	444	1,100	Bernard F Curry	Scarsdale, NY

Public or foreign acquirers bought these private companies in the last year: Bumble Bee Seafoods, Cain Chemical, Diamandis Communications, Malone & Hyde and Triangle Publications.

354	■	**Jack Kent Cooke**/holding company	443e	3,020	Jack Kent Cooke	Middleburg, VA
355	■	**Rock-Tenn**/paperboard & packaging prods	442	4,000	A Worley Brown	Norcross, GA
356	332	•**AutoZone**[1]/auto part stores	440	4,800	JR Hyde III	Memphis, TN
357	324	**ER Carpenter**/plastic foams	440	5,000	Stanley F Pauley	Richmond, VA
358	242	**Walbridge, Aldinger**/general contractors & construct mgmt	440	575	John Rakolta Jr	Livonia, MI
359	■	**Bill Heard Enterprises**/auto dealerships	439	1,100	Bill Heard Jr	Columbus, GA
360	283	**RB Pamplin**/textiles, concrete, asphalt	438	6,200	RB Pamplin	Portland, OR
361	155	**Horsehead Industries**/industrial waste recycling	430	2,700	William E Flaherty	New York, NY
362	■	**ICC Industries**/chemicals	430	1,200	John Farber	New York, NY
363	■	•**National Cleaning Contractors**/building maintenance svcs	430	21,000	M Sweig	New York, NY
364	■	•**Pay 'N Pak**/home improvement stores	429	2,200	David J Heerensperger	Kent, WA

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The 400 Largest Private Companies in the U.S.

Rank this year	Rank last year	Company/business	Sales (millions)	Employees	Chief executive	City, state
365	■	**General Felt Industries**/carpet, accessories, furniture	$427	3,500	Rocco A Barbieri	Saddle Brook, NJ
366	299	**WL Gore & Assocs**/Gore-Tex fabrics, electronics, indus prods	426e	4,796	Robert W Gore	Newark, DE
367	296	**Booz, Allen & Hamilton**/intl mgmt & technology consult	425	3,725	RM McCullough	New York, NY
368	■	**Alling and Cory**/paper, packaging & business prods	423	1,000	Samuel T Hubbard Jr	Rochester, NY
369	287	**McWane**/pipe mfg, water treatment	420e	3,000	JR McWane	Birmingham, AL
370	■	**Transnational Motors**/wholesaler & distrib of Mazdas	420	124	Robert L Hooker	Grand Rapids, MI
371	353	**International Data Group**/info svcs on information tech	419	3,000	Patrick J McGovern	Framingham, MA
372	277	•**CR Anthony**/department stores	415e	6,000	John J Weisner	Oklahoma City, OK
373	■	**Flint Ink**/printing ink	415	2,650	Robert H Flint	Detroit, MI
374	328	**Home Interiors & Gifts**/wholesale decorative accessories	415	1,500	Donald J Carter	Dallas, TX

66 of these companies have helped put people on The Forbes Four Hundred list of the richest people in America.

375	■	**Quad/Graphics**/printing	415	3,200	HV Quadracci	Pewaukee, WI
376	344	•**Lykes Brothers Steamship**/ocean freight transport	413	2,000	WJ Amoss Jr	New Orleans, LA
377	295	**Asplundh Tree Expert**/tree trimming for elec utilities	412e	12,500	Edward K Asplundh	Willow Grove, PA
378	382	**Alamo Rent A Car**/car rental	410	3,000	Michael S Egan	Fort Lauderdale, FL
379	338	**Wawa**/convenience stores	410	1,500	Richard D Wood Jr	Wawa, PA
380	310	**Almacs**/grocery stores	407	1,064	AW Pike	East Providence, RI
381	276	**MA Mortenson**/general contractors, construction mgrs	406	950	MA Mortenson Jr	Minneapolis, MN
382	331	**Journal Communications**/newspapers, broadcasting, printing	404	3,800	Thomas J McCollow	Milwaukee, WI
383	251	**Central Newspapers**/newspapers	403	5,000	Frank E Russell	Indianapolis, IN
384	357	**Sverdrup Corp**/engineering, architect, construct, real est	403	4,500	Brice R Smith Jr	St Louis, MO
385	291	**Alberici**/commercial & industrial construction	403	1,235	Raymond F Pieper	St Louis, MO
386	■	•**Dan River**/textiles, floor coverings, chemicals	400e	7,100	LA Hudson	Danville, VA
387	319	**Freedom Newspapers**/publishing, broadcasting	400e	5,000	DR Segal	Irvine, CA
388	237	**Greenwood Mills**/textiles	400e	6,500	JC Self Jr	Greenwood, SC
389	333	**Haworth**/office furniture	400	2,800	Richard G Haworth	Holland, MI
390	362	**Humiston-Keeling**/wholesale drug distribution	400	195	Burton H Olin	Chicago, IL
391	■	•**Kohl's Department Stores**/department stores	400e	5,100	William Kellog	Brookfield, WI
392	■	**Lusk Co**/residential construction	400	600	John D Lusk	Irvine, CA
393	■	**McJunkin**/piping, electrical equip	400	1,000	HB Wehrle Jr	Charleston, WV
394	322	**Microdot**/fasteners, connectors	400e	4,000	Richard P Strubel	Chicago, IL
395	■	**John L Morris Affiliated Sports & Leisure Co**/outdoor prods	400e	2,200	John L Morris	Springfield, MO
396	306	•**Palm Beach**/apparel manufacturing	400	5,800	Alfred P Fuoco	Cincinnati, OH
397	301	**Pony Industries**/specialty chemicals, building materials	400e	2,400	William E Haherty	New York, NY
398	388	**Refco Group Ltd**/futures & options brokerage	400	500	Tone Grant	Chicago, IL
399	280	**Fresh Mark**/meatpacking	399e	1,700	Neil Genshaft	Massillon, OH
400	337	**Rugby-Darby Group**/health care prods	398e	2,000	Michael Ashkin	Rockville Centre, NY

■ Not on last year's list • Was public before acquired by current owner (1986) ◇ Financial ◇ Acquisition by Crystal Brands (public company) pending

The 400 Largest Private Companies in the U.S.

This alphabetical listing shows the 400 largest private companies in the U.S. For those companies taken private since 1980, the year the transaction was completed is provided. The story begins on page 178. The sales ranking begins on page 180.

Company	Rank	Company	Rank	Company	Rank
A-Mark Financial	128	LL Bean	320	Continental Cablevision	292
Aarque Cos	302	Beatrice/1986	18	Continental Cos	332
Advance Publications	41	Bechtel Group	12	Continental Grain	3
AFG Industries/1988	323	BeefAmerica	129	Jack Kent Cooke	354
Alamo Rent A Car	378	Belk Brothers	63	Coopers & Lybrand	38
Alberici	385	Bell & Howell/1988	204	Coulter Electronics	309
John Alden Financial/1987	99	Best Products/1988	51	Cox Enterprises	68
Alling and Cory	368	Big V Supermarkets/1987	254	Crowley Maritime	142
Almacs	380	Booz, Allen & Hamilton	367	Crown American	238
Amerco	187	Borg-Warner/1987	22	Cullum Cos/1988	126
American Breco	228	Braman Enterprises	207	Cumberland Farms	55
American Financial/1981	33	Brenlin Group	223	Curry	353
American Protection Inds	182	Brookshire Grocery	251	Dan River/1983	386
American Restaurant Group	303	Builder Marts of America	305	Day & Zimmermann	340
American Standard/1988	23	Burlington Industries/1987	28	Edward J DeBartolo	121
Ampex/1987	246	HE Butt Grocery	45	Delaware North Cos	87
Amstar/1984	124	C&S Wholesale Grocers	233	Deloitte Haskins & Sells	59
Amsted Industries/1986	145	Cargill	1	DeMoulas Super Markets	151
Amway	80	Carlson Cos	15	DHL Worldwide Express	88
Andersen Corp	141	ER Carpenter	357	Dillingham Construction/1983	110
Arthur Andersen & Co	31	CC Industries	306	Dobbs Brothers Management	337
The Andersons	271	Ceco/1986	350	Dr Pepper/Seven-Up Cos/1984	300
Anschutz	44	Central Newspapers	383	Dominick's Finer Foods/1981	61
CR Anthony/1987	372	Channel Home Centers/1986	213	Domino's Pizza	161
ARA Services/1984	17	Charter Medical/1988	92	Drexel Burnham Lambert	24
Arcata/1982	221	Chase Enterprises	275	Drummond	253
Arkansas Best/1988	203	Chemcentral	339	Duchossois Industries	177
Asplundh Tree Expert	377	Chilewich Sons	130	Dunavant Enterprises	94
Associated Metals & Minerals	212	Clark Enterprises	150	Duracell/1988	95
Astroline	35	Club Corporation International	307	DynCorp/1988	168
Austin Industries	294	Coca-Cola Bottling Co of Chicago	334	Dyson-Kissner-Moran	166
AutoZone/1987	356	Coca-Cola Bottling Co of NY/1982	321	Eagle Food Center/1987	140
Avis/1986	123	Cole National/1986	103	Eby-Brown Cos	267
Bacardi Imports	304	Colt Industries/1988	70	Jack Eckerd/1986	32
Bartlett & Co	274	Cone Mills/1984	188	84 Lumber	175
Barton-Malow Enterprises	281	Connell Limited Partnership/1985	114	Encyclopaedia Britannica	265
Bath Iron Works/1986	266	Connell Rice & Sugar	93	Epic Healthcare Group/1988	165
Battelle Memorial Institute	248	Consolidated Beef Industries	308	Ernst & Whinney	48

The 400 Largest Private Companies in the U.S.

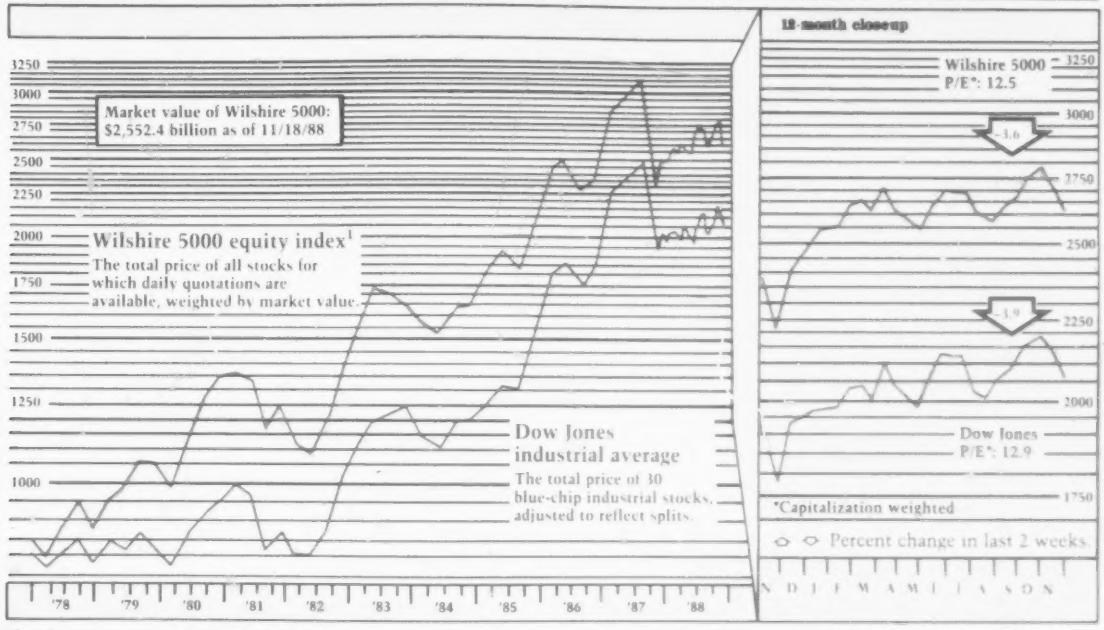
Company	Rank
Esprit de Corp	183
Essex Group/1988	200
Estee Lauder	72
Exide/1983	227
Farley Industries	50
Farm Fresh/1988	214
Farmstead Foods	243
Ferrell Cos	181
Fidelity Investments	117
Finevest Services	56
First American Bankshares/1982	198
First Brands	146
First Texas Financial	224
Flint Ink	373
Flying J	310
Fort Howard/1988	66
Frank Consolidated Enterprises	119
Freedom Newspapers	387
Fresh Mark	399
Furr's	96
E&J Gallo Winery	131
Gates	109
Gateway Foods	42
General Felt Industries	365
Georgia Crown Distributing	317
Giant Eagle	73
Gilbane Building	122
Gillett Group	111
GLI Holding/1986	173
Global Petroleum	102
Golden State Foods/1980	163
Goldman, Sachs	19
Golub	152
Gordon Food Service	276
WL Gore & Assocs	366
Grand Union/1988	29
Graybar Electric	64
B Green & Co	255
Greenwood Mills	388
Griffin	311
Grocers Supply Co	153
GSC Enterprises	301
Guardian Industries/1985	190
Gulf States Toyota	74
H Group Holdings	43
Hallmark Cards	46
Hallmark Electronics/1988	327
Harbert	325
Harris Wholesale	132
Harte-Hanks Communications/1984	341
Hartz Mountain	116
Haworth	389
HCB Contractors	283
HealthTrust/1987	76
Bill Heard Enterprises	359
Hearst Corp	57
Helmsley-Spear	84
Hendrick Management	342
Hillman	104
Hillsborough Holdings/1988	62
Holiday Cos	133
Holman Enterprises	197
Home Interiors & Gifts	374
Hook-SupeRx/1986	97
Horsehead Industries	361
JM Huber	284
Hughes Markets	172
Hamiston-Keeling	390
Hunt Consolidated	178
Hunt Corp	159
Hy-Vee Food Stores	77
Hyster/1984	215
ICC Industries	362
Ingram Inds	107
Inland Real Estate	287
Insilco/1988	237
International Controls/1987	312
International Data Group	371
Investors Management	352
Irvine Co	272
J&L Specialty Products/1986	189
Jitney-Jungle Stores	289
JM Family Enterprises	49
JM Petroleum	269
JMB Realty	108
Johnson & Higgins	220
Axel Johnson & Co	157
SC Johnson & Son	39
Johnston Coca-Cola Bottling/1982	235
Jordan Company	191
Journal Communications	382
Joy Technologies/1986	330
JPS Textile Group/1988	192
Kane-Miller/1984	290
Kash n' Karry Food Stores/1988	134
Kendall Co/1988	169
Peter Kiewit Sons'	10
King Kullen Grocery/1980	244
Knoll International Holdings	79
Koch Inds	2
Kohl's Department Stores/1986	391
Kohler	120
Koll	336
LaSalle Energy/1987	115
Lear Siegler Seating/1988	135
Leaseway Transportation 1987	81
Lefrak Organization	34
Lennox International	205
Levi Strauss/1985	30
Levitz Furniture/1985	160
Lewis Homes	328
Lincoln Property	118
Lusk Co	392
Lykes Bros	285
Lykes Brothers Steamship/1983	376
William Lyon	176
MacAndrews & Forbes Holdings/1983	36
RH Macy/1986	9
MagneTek	149
Maritz	164
Marley/1981	329
Marmon Group	25
Mars	7
Mayflower Group/1986	264
McCarthy	222
McDevitt & Street	196
McJunkin	393
McKinsey & Co	313
McLane	60
McLouth Steel Products/1982	343
McWane	369
Meadowdale Foods/1987	344
MediaNews Group	229
Meijer	58
Mellon Stuart Holdings	239
Merchants Distributors	170
Metallurg	257
Metromedia/1984	245
Microdot	394
Milliken & Co	40
Minyard Food Stores	277
Montgomery Ward & Co/1988	11
MorningStar Foods/1988	167

The 400 Largest Private Companies in the U.S.

Company	Rank	Company	Rank	Company	Rank
John L Morris Affil Sports & Leisure	395	Reader's Digest Association	75	Tauber Oil	156
Morse Operations	286	Red Apple Cos	258	Taubman Co	26
Morse Shoe/1988	273	Red Owl Stores/1986	195	Taubman Investment	138
MA Mortenson	381	Refco Group Ltd	398	Thomson McKinnon Securities	296
Motor Wheel/1986	314	Reliance Electric/1986	86	Thrifty Oil	148
Moyer Packing	345	Republic Health/1986	295	Ticor/1985	241
Musicland Group/1988	297	Research-Cottrell/1987	346	Tishman Realty & Construction	226
MWC/1988	174	Restaurant Enterprises Group/1986	101	TLC Beatrice Intl Holding/1986	83
National Amusements	100	Revco DS/1986	37	Tops Markets/1987	162
National Beverage/1985	315	Rich Products	211	Touche Ross & Co	67
National Car Rental/1986	216	Riklis Family Corp	27	Towers, Perrin, Forster & Crosby	299
National Cleaning Contractors/1981	363	Rock Island Refining	252	Tracor/1987	210
North Pacific Lumber	270	Rock-Tenn	355	Trammell Crow	90
Northwestern Steel & Wire/1988	318	Rockefeller Group	155	T[illegible] World Airlines/1988	16
Oklahoma Publishing	193	Roseburg Forest Products	231	Transammonia	112
Oppenheimer & Co	225	Rosenthal Cos	347	Transnational Motors	370
Owens-Illinois/1987	21	Ruffin Cos	199	TRC	209
Oxbow	136	Rugby-Darby Group	400	Trump Organization	217
Pacific Holding	171	Safeway Stores/1986	4	UIS	293
Palm Beach/1985	396	Safeway Texas Division/1988	180	Union Holdings	78
Pamida/1980	291	Sammons Enterprises	98	Uniroyal Goodrich Tire/1986	54
RB Pamplin	360	Save Mart Supermarkets	279	United Company	349
Paragon Group	202	Schneider National	298	United Parcel Service	5
Parsons Corp/1984	262	Schnuck Markets	143	United Refining/1981	186
Pay 'N Pak/1988	364	Schottenstein Stores	319	United Van Lines	240
Payless Cashways/1988	65	Schreiber Foods	185	VT	234
Peat Marwick Main	20	Schwan's Sales Enterprise	259	Walbridge, Aldinger	358
Penske	53	Schwegmann Giant Super Markets	338	Jim Walter/1988	256
Pepper Companies	324	Science Applications International	219	Walton Monroe Mills	322
Perdue Farms	144	Scoular	85	Warnaco/1986	249
Phelps	250	Seligman & Latz/1985	348	Warren Equities	351
PIE*Nationwide	263	Service America/1987	127	George E Warren	69
Placid Oil	230	Services Group of America	89	Wawa	379
Playtex/1986	247	JR Simplot	105	Wegmans Food Markets	139
PMC	288	Simpson Timber	137	Weirton Steel	91
Polo/Ralph Lauren	147	Singer/1988	208	Frederick Weisman	113
Pony Industries	397	SnyderGeneral	326	Wheaton Inds	316
Potamkin	158	Southland/1987	6	White Swan/1988	280
Price Waterhouse	47	Southwire	206	Wickes Lumber/1988	106
Printing Holding, LP/1984	194	Stanadyne/1988	282	Wilbur-Ellis	218
Publix Super Markets	14	Steelcase	71	Worldmark	331
Pueblo International/1988	179	Stop & Shop Cos/1988	13	Worldwide Volkswagen	268
Pullman/1988	236	Stroh Brewery	82	WWF Paper	260
Quad/Graphics	375	Supermarkets General/1987	8	Wyatt	261
RAB Holdings/1987	278	Sverdrup Corp	384	Young & Rubicam	201
Racetrac Petroleum	335	Sweet Life Foods	125	Young's Market	242
Raley's	154	Tang Industries	232	Arthur Young	52
Randall's Food Markets	184			HB Zachry	333

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Election returns. Maybe Wall Street wanted a Bush victory, but you couldn't tell from the way the stock market reacted. For the two-week period ending Nov. 18, the Dow dropped 83 points, or 3.9%, marking the fourth straight weekly decline. In the last two weeks Sears, Roebuck, a Dow stock, lost 4⅛ (9.3%) as investors expressed their unhappiness over the firm's announced restructuring plans. Sears is currently valued at $15 billion on the New York Stock Exchange. Morgan Stanley analyst Walter Loeb says Sears' assets are worth as much as $30 billion, net of liabilities, but he does not see an LBO as a possibility. Another contributor to the Dow's decline was Procter & Gamble, off 5.6%. That's a smaller loss than Sears'. But the Dow is a price-weighted average, so the 4¾ drop in Procter & Gamble moved the index more.

The Nasdaq is now below its March level. Since the market's August 1987 peak, the Nasdaq is down 19.3%, against a 24.2% loss for the Dow.

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	–5.9	–6.0	–5.5	–5.8	–6.3	–5.4
in last 52 weeks	11.7	10.0	7.8	10.8	18.2	17.6

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 21	under 8	over 4.5%	none	high	low	over $34	under $4
in last 4 weeks	–6.4	–3.6	–5.9	–1.5	–5.7	–4.5	–3.0	–3.9	–5.1	–3.5	–5.1	–5.9
in last 52 weeks	15.8	50.4	58.6	24.7	28.3	29.5	17.4	67.9	56.1	24.0	20.7	42.0

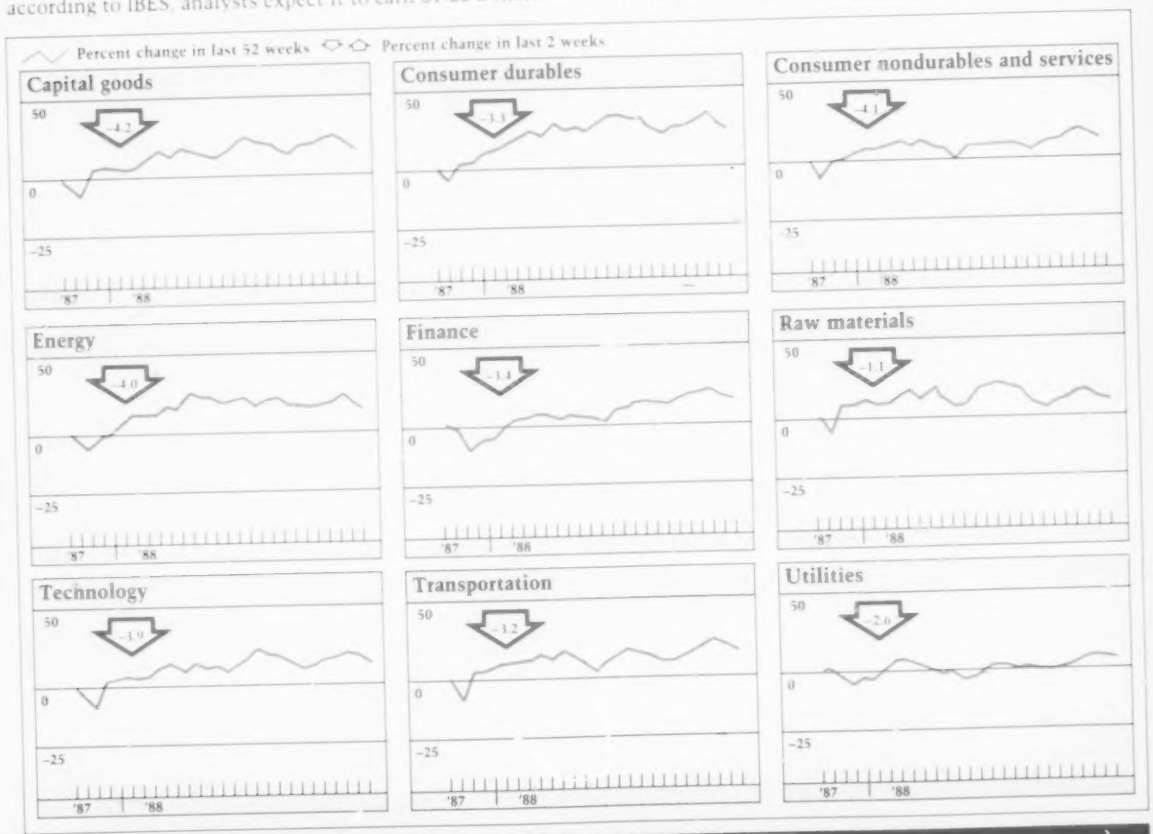
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. [2]Based on sales. [3]A stock's sensitivity to overall market movement. High volatility issues have wide price fluctuations; low volatility issues are more stable. [4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 11/18/88. Prepared by Wilshire Associates, Santa Monica, Calif.

Where the Action Is

Nervous investors sold off all nine sectors. Hardest hit was capital goods, which fell 4.2%. In this group Harnischfeger, the Wisconsin-based manufacturer of cranes and shovels, dropped 9% even though it is having its best year since the 1982-83 recession. The stock is presently selling at 15 times trailing 12 months' earnings, but, according to IBES, analysts expect it to earn $1.22 a share in 1988 and $1.82 in 1989, which gives it an estimated 1989 P/E of 8.5.

Several technology issues—Control Data, National Semiconductor, Advanced Micro Devices, Varian Associates and Grumman—suffered double-digit losses. But Prime Computer, which became the subject of a hostile bid from a smaller firm, MAI Basic Four, gained 6%.



What the Analysts Think

Consumer durables aren't very popular these days. This group is priced at 11 times latest 12-month earnings, or less than two-thirds of the multiple it commanded before October 1987. Since our last issue, analysts have raised their 1988 earnings estimates for General Motors by 10%, to $13.14.

Forecasting the Forbes Sales 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.26	11.6
1988 estimates	3.59	10.5
1989 estimates	3.97	9.5

Rank based on change in estimate	Sector	Estimated 1988 EPS	Estimated 1988 P/E	% change in 1988 estimate in 2 weeks	% change in 1988 estimate in 4 weeks
1	Consumer durables	$5.01	11.0	2.04%	2.72%
2	Energy	3.25	11.6	0.85	0.74
3	Transportation	2.29	11.8	0.17	0.58
4	Capital goods	2.67	14.2	0.12	0.18
5	Raw materials	3.19	9.1	0.06	0.22
6	Utilities	2.39	10.2	0.04	–0.06
7	Finance	3.38	8.5	–0.08	–0.41
8	Consumer nondurables	2.50	13.8	–0.28	–0.35
9	Technology	2.98	11.4	–0.46	–0.97

Earnings projections are capitalization weighted consensus estimates from over 3,000 security analysts. Data are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York based brokerage firm.

Note: All data for periods ending 11/18/88. Prepared by Wilshire Associates, Santa Monica, Calif. IBES, a service of Lynch, Jones & Ryan, New York.

BONDS—YEAR-END TAX-SWAP PERILS

WHY ARE ECONOMISTS' FORECASTS SO BAD?

FUND PERFORMANCE—WATCH THE TURNOVER RATE

DECEMBER 26, 1988

THREE DOLLARS SEVENTY-FIVE CENTS

FORBES

INVESTMENT BANKER JAMES WOLFENSOHN

WHEN HE TALKS, THE CORPORATE MIGHTY LISTEN

Forbes

Cover photo by William Coupon

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NUMBER 14

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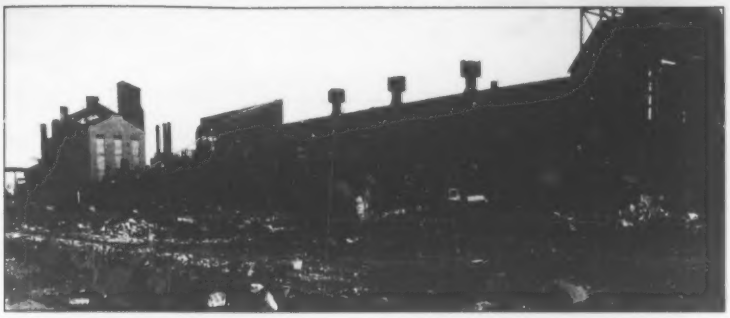

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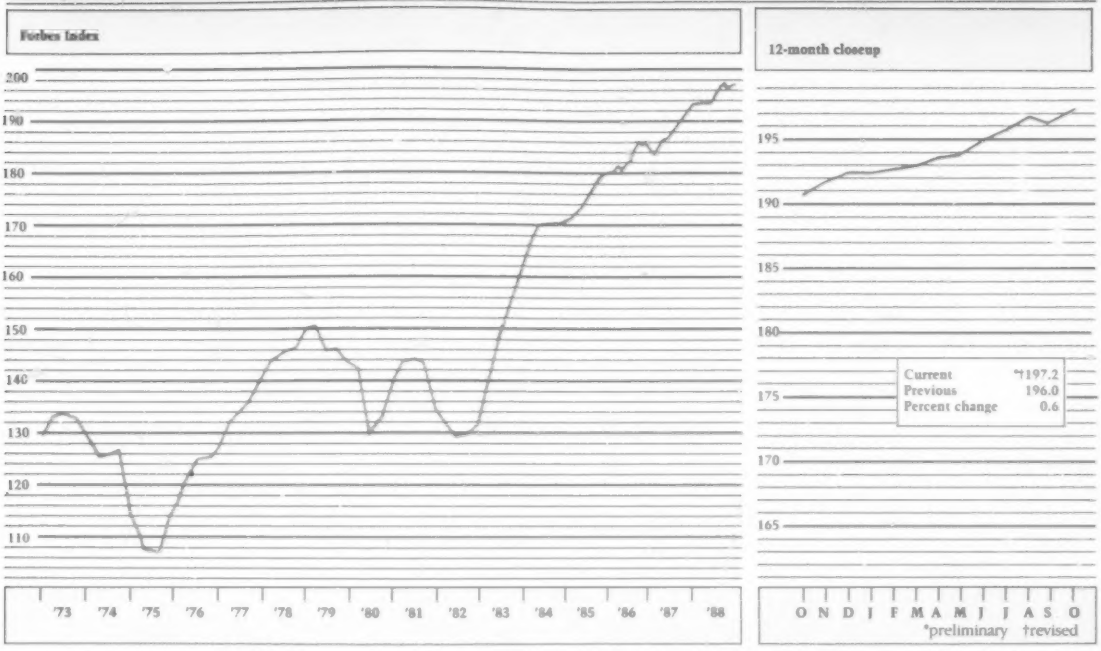
The Forbes Index



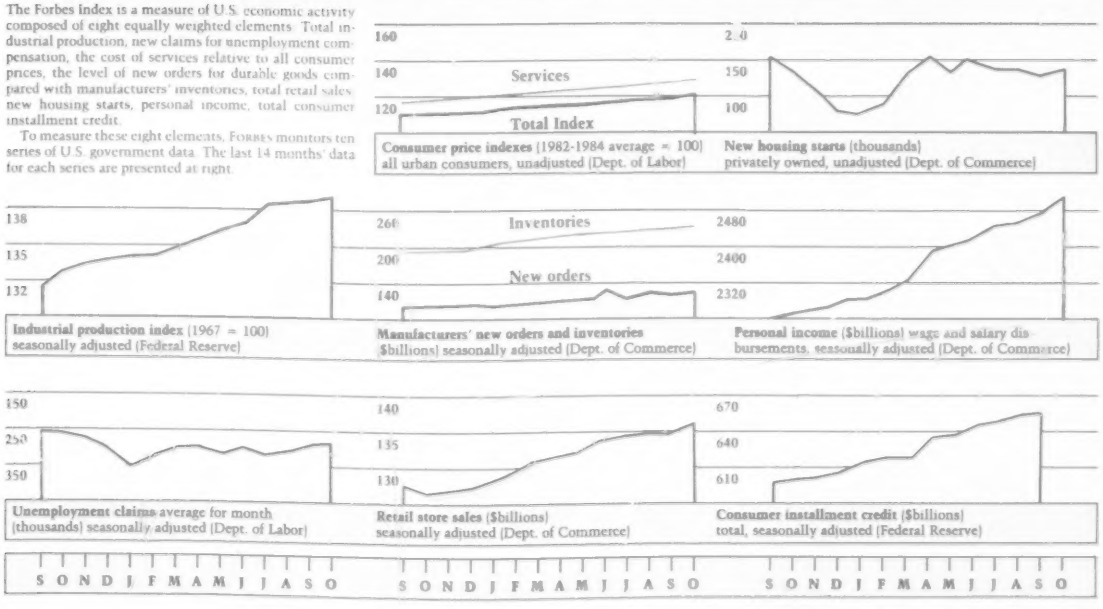
Staying the course. The revised third-quarter gross national product indicates that the economy grew at a 2.6% rate in the period. This momentum is likely to be sustained in the last quarter of 1988. The near-final Forbes Index for October (only consumer installment credit has yet to be reported) shows a 0.6% gain for the month, the strongest performance since last June.

In October personal income rose 1.5%, the best gain since April. The Consumer Price Index increased 0.3%, while the services component rose only 0.2%. Manufacturers' inventories notched up 0.8%, to a record $230 billion, but that was less than the gain in new orders, which were up 2.3% from their revised September level and came within 2.7% of their June peak.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements. Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, Forbes monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



What happens when mutual thrifts convert to stock ownership? All too often, the shareholders end up taking a bath.

Beware of bankers bearing shares

By Matthew Schifrin

IN THE LAST FIVE YEARS at least 350 mutual savings banks have been converted to stock ownership. In the conversions, sizable chunks of the resulting shares have usually wound up in the hands of the banks' own depositors, who must have felt they were getting in on the ground floor of a good thing. Now more than a third of these stocks are trading below their initial offering price *(see table, p. 43)*.

In Little Rock, Ark., $1.6 billion (assets) First Federal Savings went public at $10 a share in April 1986. Two years later, it is insolvent. Two Buffalo, N.Y. thrifts—$11 billion Empire of America and $15 billion Goldome—showed profits when they went public in 1986 and 1987 respectively, but were in fact already economically insolvent. Their shares now trade at less than 40% of the initial offering prices. The stocks of Colorado's AmFed Financial (assets, $850 million) and Florida's Royal Palm Savings (assets, $1 billion) also looked healthy when they converted to stock ownership; today their shares trade at around 10% of the initial offering price.

New York's Anchor Savings Bank is the 20th-largest thrift in the U.S., with $8 billion in assets on its books. In mid-November New York's Ensign Bank, a thrift owned by Ted Arison, chairman of Carnival Cruise Lines, and one-fourth Anchor's size, offered to buy Anchor for $170 million in cash, or $9.75 a share—double the market price. But that was 15% below what investors paid for Anchor's stock only 18 months ago.

By the time Anchor went public in April 1987 at $11.50 a share it had already bought more than a dozen ailing thrifts and had 127 branches in four states, as well as mortgage and consumer loan offices from California to Florida. It went public by offering 17.6 million shares to its own depositors, who bought the entire offering, often directly from salespeople who set up desks in Anchor branches to catch the walk-in trade. The pitch? Why be a mere depositor when you can be an actual owner?

"I just filled out a form and Anchor withdrew the funds from my savings account," reports Stewart Lilker, 42, a Freeport, N.Y. businessman who wound up emptying his savings ac-

Anchor Savings' Anchor Bankers, Chairman Donald Thomas and his wife, Barbara
Within 14 months of going public, net income had dropped 90%.

Dressed up to go nowhere

These stocks, in order of percentage decline in value, are down more than 50% but showed great earnings just before going public.

Institution (state)	Total assets (mil)	IPO date	Offer price	Recent price
First Federal Savings (AR)	$1,619	Apr 86	$10.00	$0.44
AmFed Financial (CO)	828	Dec 80	11.00	0.50
Royal Palm Savings (FL)	551	Feb 84	6.67	0.56
Great Southern FSB (GA)	997	Mar 84	9.50	1.13
First Service Bank (MA)	895	Aug 86	7.50	1.50
First Capitol Financial (CO)	1,304	May 84	7.75	2.13
Empire of America (NY)	10,690	Nov 86	5.63	1.63
Home Unity Savings (PA)	1,082	Nov 86	7.75	2.25
Goldome FSB (NY)	15,135	July 87	7.00	2.38
Meritor Financial (PA)	17,479	Sept 83	11.25	4.38
Anchor Savings (NY)	7,946	Apr 87	11.50	7.25*

*12-month low = $3.88. *Source: SNL Securities, Hoboken, N.J.*

count of $34,500 to buy 3,000 Anchor shares.

Anchor's promotions included mailings, television commercials and hotel seminars. A prospectus was distributed that reported that Anchor went from a $52 million loss in 1985 to a $41 million profit in fiscal 1986. But the prospectus also showed that, in preparation for going public, Anchor had sold off some of its best portfolio assets, creating large one-time earnings gains.

There was also a one-time earnings gain resulting from an agreement by the Federal Savings & Loan Insurance Corp. to write off $32 million in debts owed to it by Anchor. All this suggested to potential investors that at $11.50 a share, Anchor's stock would be selling at a dirt-cheap 4.75 times current earnings.

For icing on the cake, the prospectus even claimed a $370 million positive net worth for the bank. In fact, the bank had over $500 million in goodwill already on its books from the purchase of troubled lenders and in reality had a negative net worth of at least $150 million.

Within 14 months of Anchor's going public, net income had dropped over 90%, to $6.7 million. The bank, having already sold off many of its choicest assets to dress itself up for the public offering, saw its return on assets vanish.

Who's responsible for this thoroughgoing mess? Chairman Donald Thomas, 71, presides over a 12-person board of directors that includes a psychiatrist, an anesthesiologist, the owner of a Bronx moving company, and a television actor, Robert Keeshan, known to a whole generation of kids as Captain Kangaroo.

Arison has now surfaced with his $9.75-a-share takeover offer, and considering the losses they've already sustained, shareholders are almost certain to approve the deal when they vote on it at a special meeting set for next spring. Chairman Thomas will, of course, be out of a job, but he won't be out of luck. There's a $310,000 annual pension for his remaining years, a $2.25 million golden parachute, as well as a gain in Anchor stock worth some $700,000.

Who else benefits from such shenanigans? The U.S. government, more specifically the Federal Savings & Loan Insurance Corp. Anchor had a $150 million deficit in tangible net worth when it went public, because it had acquired dead S&Ls from FSLIC and picked up over $500 million in goodwill. When Anchor raised $200 million by selling stock to its depositors, the FSLIC got $200 million of protection for its insurance fund. The moral of the Anchor mess: Beware of thrift institutions going public after dramatic earnings improvements, especially if there is a lot of goodwill on the books. Your investment may benefit federal regulators more than your own portfolio. ■

Texans are known as high rollers. But here's Duncan, Cook, a Houston leveraged buyout firm that plays a cautious game—and does very well at it.

Cautious player in a wild game

By John H. Taylor

EXECUTIVES OF Brookstone Co., the specialty tool and gadget retailer, panicked when they learned that parent Quaker Oats Co. was putting the company on the block in 1986. Brookstone is headquartered in the tiny hamlet of Peterborough, N.H., where it is the second-largest employer. Suppose the buyer decided to move the business. What would happen to Peterborough? To them?

Enter Houston's Duncan, Cook & Co. Founded in 1984 by former U.S. Energy Secretary Charles W. Duncan Jr., his brother John and former Rotan Mosle senior vice president Stephen Cook, the leveraged buyout firm was immediately attracted to Brookstone. It met all of Duncan, Cook's investment criteria: It had a solid market niche selling hard-to-find tools and gadgets; it was growing steadily; it had proven management; and it could be had at an attractive price—only six times cash flow.

In late 1986 Duncan, Cook beat out nine other bidders for Brookstone in a $60 million leveraged buyout. Two years later everyone connected with the deal is delighted. The company is still in Peterborough. Its top managers—all of whom remained—now own about 15% of the company. Brookstone has opened 23 new stores,

So maybe the national debt isn't that big compared to the economy, some skeptics say. But aren't the interest payments worryingly large? FORBES takes a look.

Tower or trickle?

By Peter Brimelow

RECENTLY FORBES presented an article full of charts on the U.S. economy ("Is the Reagan prosperity for real?" *Oct. 31*). These charts showed that the economy is less shockingly out of balance than is popularly believed. The article looked at celebrated measures like the budget deficit and foreign indebtedness and concluded that they are not out of line relative to gross national product and in comparison to those of other industrial countries.

A number of our readers were distinctly reluctant to accept this happy news. Some, focusing on the issue of federal borrowing in the Reagan era, called for a more sophisticated measure: The telltale sign of strain, they said, is not the national debt itself (which in fact has merely returned to its levels under President Kennedy) but the burden of interest payments on that debt.

So by popular demand FORBES herewith presents a chart of net interest payments on federal debt relative to GNP since 1935, along with the national debt and federal receipts *(see chart, below)*. The critics do have a point: The interest burden did virtually double after 1979, reaching a high of 3.3% of GNP in 1985, before leveling off to 3.1% in 1987. The 1985 level is a new record.

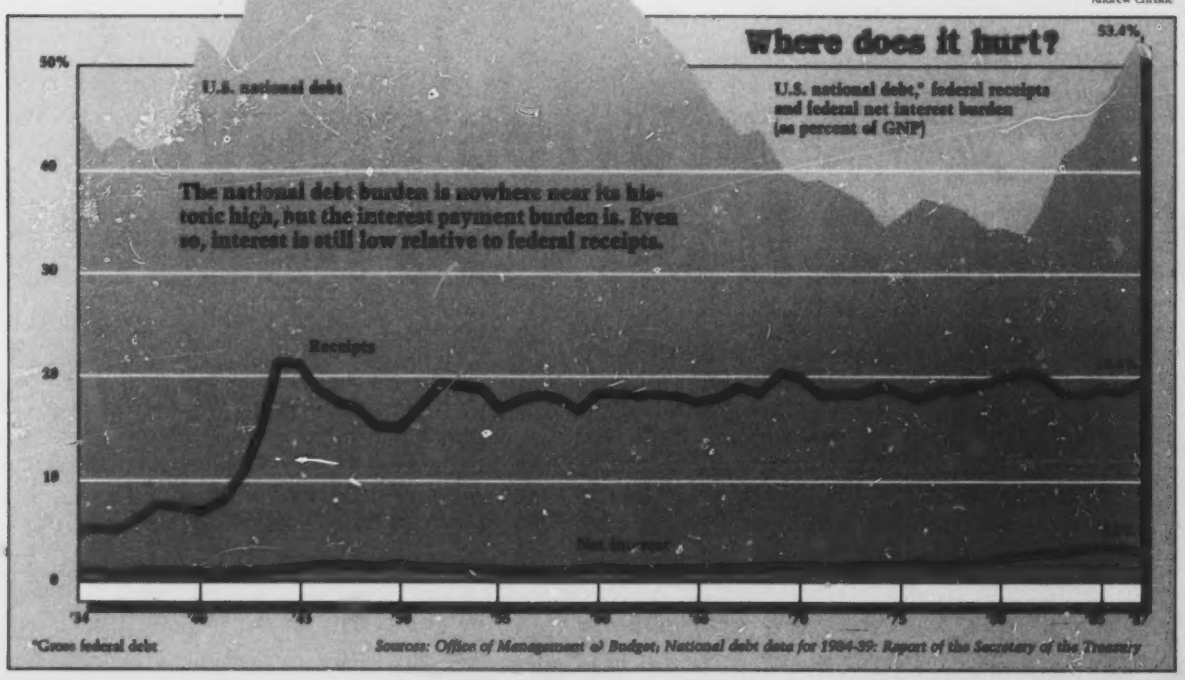
A new record, yes, but hardly a "tower"—more like a persistent trickle. In particular, service on the national debt remains fairly small in comparison with federal government receipts, most recently 19.4% of GNP. Today's interest burden actually represents about the same share of federal receipts as in the immediate pre-World War II years, before the subsequent upward leap in Washington's tax take.

Moreover, the U.S. interest burden is not exceptional in comparison with that of the other industrial economies *(see chart, p. 69)*. Since in most countries central governments perform functions that in the U.S. are devolved to the state and local authorities, the Organization of Economic Cooperation & Development lumps all levels of government together to give a "general government" figure. Our chart thus lumps together U.S. federal, state and municipal revenues and debt burdens. (Some U.S. states and municipalities have net interest income, reducing the overall interest burden.)

Even West Germany, supposedly a paragon of economic virtue, has a general government interest burden in the same range as that of the U.S. And the U.S. burden is notably below that shouldered by Canada and Italy, the blithe black sheep of the Group of Seven.

The general government interest burden has increased in most Group of Seven countries, not just in the U.S., during the 1980s. Japan's went from 0.8% of GNP to 1.8% between 1979 and 1984. The key reason: the dramatic worldwide increase in inter

Andrew Christie

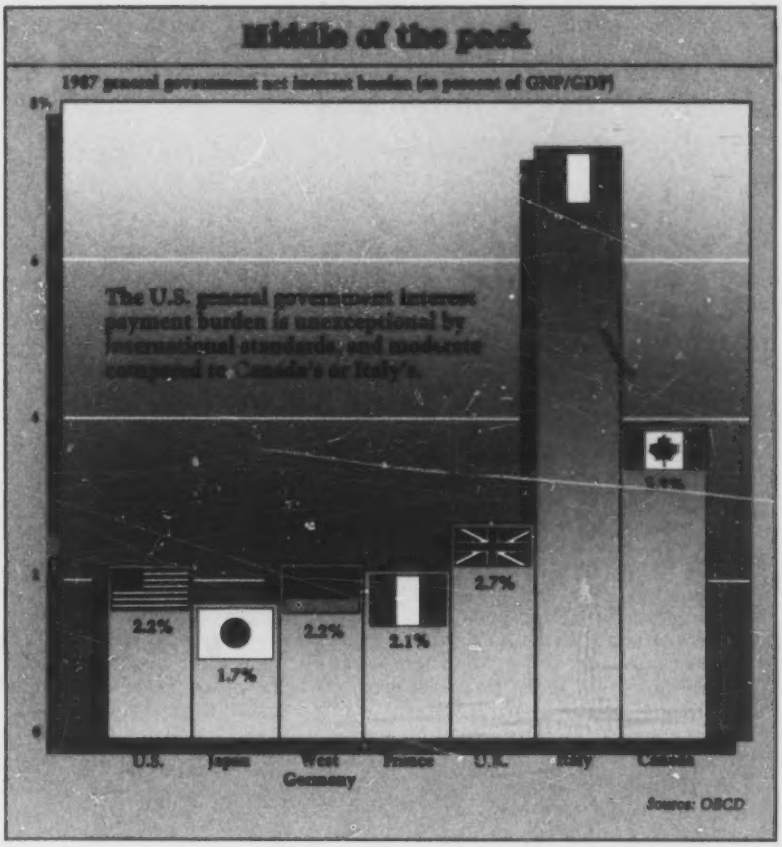


est rates. This phenomenon also accounts for the paradox that, although the U.S. interest burden in the 1940s was lower than it is today, the national debt, relative to GNP, was vastly higher. Thus the U.S. prime rate was 1.5% to 2% throughout the 1940s. Right now it's 10.5%.

Why were U.S. interest rates lower in the 1940s—even though the national debt and the wartime budget deficit were far larger? To some extent, because the government managed them through an agreement between the Federal Reserve and the Treasury and through extensive financial regulations, some of which survived until the 1980s.

This manipulation may have made financing the government easier, but it had unpleasant side effects, such as recession and inflation. It was also an unconscionable rape of the people who saved and invested. Because savers are no longer suckers—they now want to be compensated for inflation and market volatility—governments cannot borrow as cheaply as they once could. Tough.

In any case, optimists can tell themselves that there is at least a logical possibility that interest rates will return to normalcy—bringing the federal net interest burden down as well. ■



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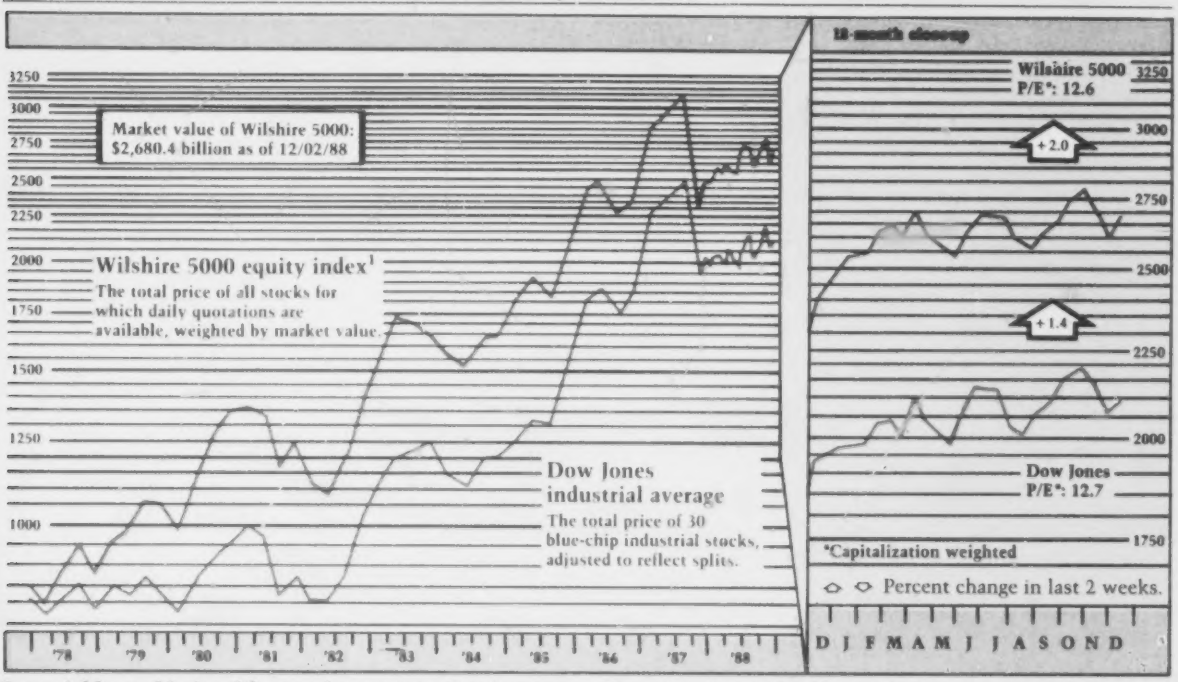
The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Low yields could signal lower share prices. Stock prices and earnings are often erratic, but dividends tend to be much more stable. This is the thesis of Geraldine Weiss and Janet Lowe's recent book, *Dividends Don't Lie: Finding Value in Blue Chip Stocks*. Weiss believes a stock's underlying value is in its dividends, not its earnings or its prospects for capital gains. For the past 23 years Weiss has preached this concept in *Investment Quality Trends*, a La Jolla, Calif.-based newsletter. "Markets will go up and down, but the yield will remain between 3% and 6%," she says. Weiss is rather bearish now. That's because, with interest rates rising, Wall Street may become unhappy with the present yield of only 3.7% on the Dow stocks. For example, for the Dow to yield 6% at current payout levels, the average must decline 800 points.

During the last two weeks the markets remained subdued. New York Stock Exchange trading averaged 145 million shares daily. The Wilshire index gained 2%.

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	–1.7	–1.9	–2.5	–1.7	–0.8	–1.9
in last 52 weeks	22.6	21.3	18.4	21.5	27.3	27.6

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 21	under 8	over 4.5%	none	high	low	over $34	under $4
in last 4 weeks	–1.8	–2.7	0.0	–1.2	–1.0	–2.6	–1.6	–0.2	–0.4	–1.7	–2.1	–3.5
in last 52 weeks	26.7	61.6	80.6	29.2	41.1	37.7	23.4	81.8	75.0	30.8	30.1	51.8

[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. [2]Based on sales. [3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable. [4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

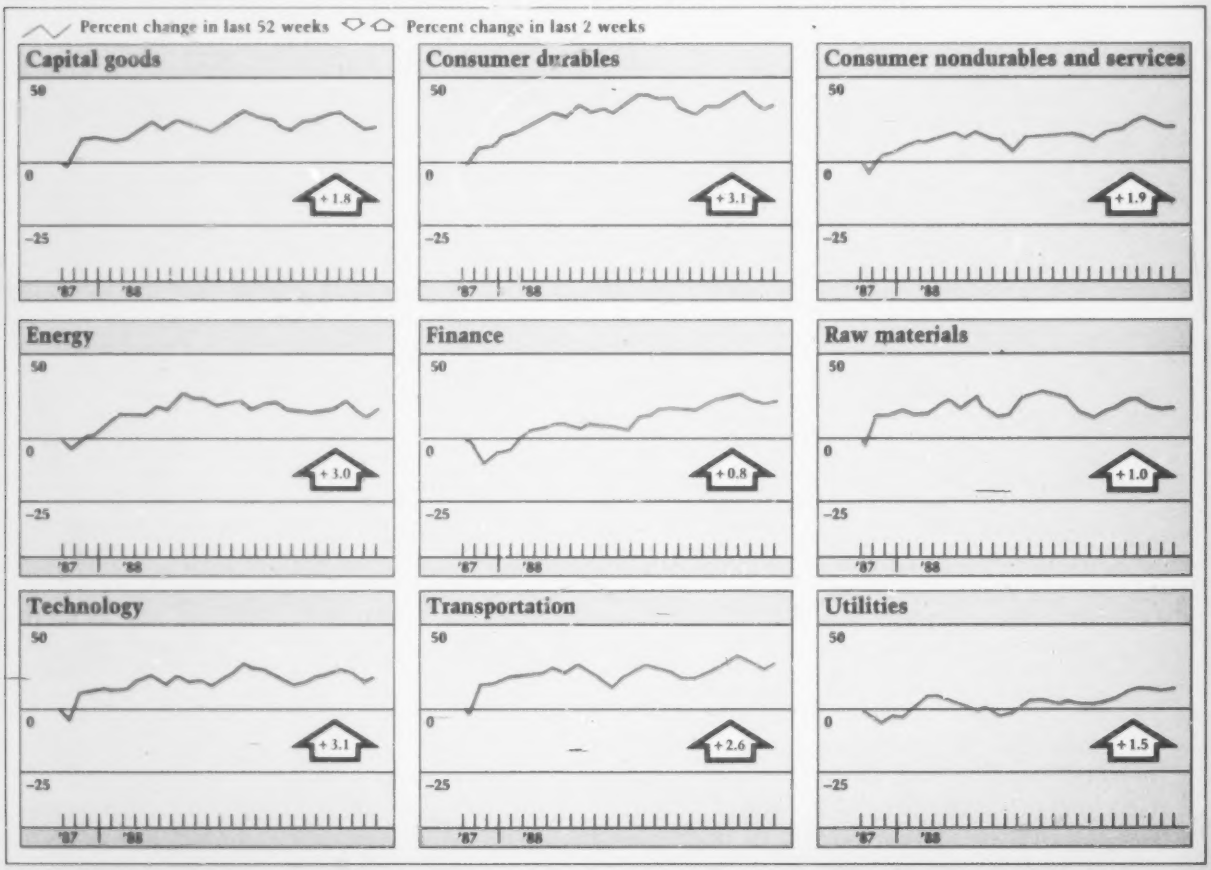
Note: All data for periods ending 12/02/88. Prepared by Wilshire Associates, Santa Monica, Calif.

Steven Ramos

Where the Action Is

Advances in technology. Over the past two weeks this group advanced 3.1% for a first-place tie with consumer durables. The best stocks in the technology sector were 3Com, Amgen, MCI and Autodesk, all of which posted gains in excess of 10%.

Consumer nondurables, which advanced only 1.9%, lagged the Wilshire index. The footwear stocks were one of the weaker industries in this sector. Both Reebok and Nike fell over 7%. Reebok is expected to show a decline in 1988 earnings. Insider profit-taking may have hurt Nike, a stock that has more than doubled from its 1987 low. *Vickers Online Services* reports that Nike has had nine consecutive insider sales since May, with insiders unloading over $8 million in stock.



What the Analysts Think

Brokerage houses search for a bottom. Security analysts over the past two weeks downgraded their 1988 earnings estimate for Merrill Lynch, from $3.02 to $2.19. But the experts raised their forecast for PaineWebber, which earned $3.03 a share in 1986. The 1988 earnings estimates for PaineWebber rose 21%, to 63 cents a share.

Forecasting the Forbes Sales 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.30	11.6
1988 estimates	3.59	10.7
1989 estimates	3.97	9.7

Rank based on change in estimate	Sector	Estimated 1988 EPS	Estimated 1988 P/E	% change in 1988 estimate in 2 weeks	% change in 1988 estimate in 4 weeks
1	Consumer durables	$5.09	11.3	0.66%	2.78%
2	Utilities	2.39	10.3	0.28	0.32
3	Capital goods	2.72	14.1	0.07	0.13
4	Energy	3.26	11.9	0.02	0.87
5	Raw materials	3.18	9.2	-0.18	-0.12
6	Consumer nondurables	2.48	14.0	-0.19	-0.48
7	Finance	3.36	8.6	-0.38	-0.46
8	Transportation	2.28	12.2	-0.40	-0.23
9	Technology	3.00	11.7	-0.61	-1.09

Earnings projections are capitalization-weighted consensus estimates from over 3,000 security analysts. Data are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 12/02/88. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.

Quiescently managed money

Sometimes brilliance in a money manager consists of doing very little. All these funds have performance much better than average and turnover lower than average, which in 1987 was 103% for equity funds.

Fund	Assets ($mil)	Maximum sales charge	Annual expenses per $100	Performance UP markets	Performance DOWN markets	Annualized 5-year return	12-month return	Average annual turnover 1983-87
Dodge & Cox Stock	$75	none	$0.65	A	B	16.6%	–11.1%	15.0%
Fundamental Investors	667	5.75%	0.63	B	B	15.2	–12.1	17.6
Investment Co of America	4,149	5.75	0.42	B	B	15.3	–10.1	15.6
Pioneer II	3,808	8.50	0.81	B	B	11.4	–12.1	19.0
Sigma Capital	92	6.00	1.12	B	B	11.4	–13.1	9.8
Templeton Foreign	297	8.50	0.77	—*	—*	18.9	–4.8	9.4
S&P 500						14.7	–12.3	

*Not in operation long enough to be ranked. *Sources: Morningstar, Inc., Chicago, Ill.; Forbes/CDA Mutual Fund Evaluator on diskette.*

ods of time." ICA's largest holding is Philip Morris, first bought by the fund 25 years ago for $2.50 a share, adjusted for several splits. The tobacco and food conglomerate now pays an annual dividend of $4.50 a share.

For the funds in the middle of the pack in turnover, there seems to be no correlation between turnover and return. At the extremes, however, there is a distinct negative correlation: The less trading a fund manager does, the more good he does for investors. Over the five years ending September, the average equity fund returned 10.3% a year. The busiest 10% of stock funds in terms of 1987 turnover eked out 8.8% a year, while the quietest 10% clocked up 11.3%.

Stacking up 1983-87 turnover against performance for the same five-year period yields similar, if less dramatic, results. Portfolio managers with annual turnovers above 200% averaged 11.6% a year, just below the 11.8% average for all equity funds, while funds with 20% turnover or less scored a better-than-average 12.2%.

That's no surprise to John Haslem, a University of Maryland finance professor and author of *The Investor's Guide to Mutual Funds*. Haslem knows that frenetic trading increases commissions and other costs. "The managing of expenses is so important because, on average, funds are rather average," he argues. "The difference [in performance] comes from controlling costs."

How much does it cost to trade? Brokerage commissions might run a nickel a share, or 0.25% round-trip on a $40 stock. A fund with 400% turnover would thereby shave a percentage point off its annual return. This cost, by the way, is not included in the expense ratio shown in the fund's prospectus (and published in mutual fund surveys), although it can sometimes be found in the "statement of additional information."

Commissions are quite painful for customers of some Fidelity Select funds. In the most recent fiscal year, the Electronics Portfolio ran up commissions of 1.5% of assets, Energy Services 3.8%, and Savings & Loan 2.4%. A Fidelity affiliate collected about 16% of these commissions.

And commissions are only part of the story. Harder to assess, but probably far greater, is the indirect cost of trading: the fact that buy orders tend to momentarily push up the price of a stock, and sell orders to push it down. "Most people who run high-turnover funds say that they can overcome those costs and give you high returns," sniffs Gerald Perritt, editor of the Chicago-based *Mutual Fund Letter*. "It just ain't so."

So don't invest in a fund without knowing about its turnover rate. You'll find it listed in the prospectus. And if you're in a fund that isn't doing well, check out that same ratio—it might explain why the fund is doing badly. ■

Statistical Spotlight

Accountants will soon force employers to put pension liabilities on their balance sheets. Which companies will take a hit?

Owning up to pensions

By Evan Sturza

THE FINAL provision of the Financial Accounting Standards Board's much-feared Rule 87 is about to go into effect. Investors beware. It mandates inclusion of unfunded pension liabilities on the balance sheet, alongside other liabilities. A good many companies that now have tidy balance sheets may end up with highly leveraged ones. The deadline is for 1989 annual reports that will be published in 15 months. Who will be most hurt

by the new rules? Some Rust Belt companies with large numbers of retired employees could be hit hard. In the accompanying table, we pick some likely losers.

The accounting rule didn't come without a lot of hair-pulling. Pension liabilities are a sore subject with old-line manufacturers, and a complex actuarial topic. Indeed, the standards board debated the issue for ten years before issuing Rule 87 in 1985. It's a complicated subject, but investors will ignore it at their own risk.

We searched the Value Line database for companies whose pension underfunding is a large fraction of shareholder equity. Not surprisingly, steel companies show up prominently on the list. But the situation is not as grim as the raw numbers imply. Bethlehem Steel Corp., for example, appears in the database with a $1.6 billion pension underfunding as of Dec. 31, 1987. The company, however, had already effectively put $1.2 billion of this liability on its balance sheet by recording writedowns and reserves.

Thus, the table shows a net, unaccrued pension underfunding as of last December of $450 million. Moreover, in 1988 Bethlehem has been throwing extra cash into the pot (over and above regular pension contributions). The company expects only $350 million of unaccounted-for pension liability by the end of the year.

Gary Hallgren

Is Bethlehem out of the woods? Not all analysts think so. One who is bearish on the company, Chriss Street of Seidler Amdec in Los Angeles, argues that the liability would be much higher if the company were more conservative in its actuarial assumptions.

There's the rub: Under previous accounting rules companies had discretion to make and change various assumptions used in calculating pension obligations. In 1986, when Navistar increased its assumed rate of return for its pension plan from 7% to 9%, it boosted its profits by $8 million. How so? The higher the estimate of future returns, the less needed now to fund the plan. Rule 87 will tighten rules on actuarial assumptions.

As the deadline approaches for compliance, companies are looking for ways to reinforce their pension plans. In September Chrysler sold $300 million of stock, the proceeds going into the $3 billion pension plan.

David Tice, who publishes *Behind the Numbers*, a Dallas newsletter, raises another issue: unfunded liabilities for postretirement medical benefits. These future liabilities aren't yet covered under Rule 87, but the accounting rulemakers are studying the matter. Tice argues that if accounting rules for medical benefits were as stiff as for pension benefits, some employers would take a severe cut in their net income.

Bethlehem, for one, might end up with a cost more than double the $77 million it is currently expensing on a pay-as-you-go basis. Bethlehem's chief financial officer, Gary Millenbruch, is reluctant to forecast what tougher accounting rules could do to the retiree health expense. But he notes that the count of covered employees is going to trend downward.

No definitive numbers are yet available on future medical benefit exposures, but the current-expense figure (last column in the table) hints at where future obligations could be large. ■

Where will the money come from?

Pension assets at these firms fell short, as of last December. Some companies, such as Bethlehem and Chrysler, have recently given their pension funds an extra dose of cash. Others may take the easy route of only gradually reflecting the shortfall in their balance sheets. The column "Pension liability, unaccrued" shows how much of the pension liability was not yet reflected on the balance sheet at the end of last year.

Company/business	Recent price	Net worth	—Pension liability— unfunded	unaccrued	Adjusted net worth[1]	Debt/ total cap	Cash flow per share	Retiree health costs[2]
		($mil)						($mil)
Anchor Glass/glass packaging	9⅝	$87	$59	$34	$53	83%	$4.71	$2
Armco/steel	8⅝	739	418	141	597	44	1.93	48
Bethlehem Steel/steel	19¼	1,208	1,625	450	758	48	4.86	77
Chrysler/automobiles	26	6,503	2,790	2,567	3,936	34	7.93	203
Navistar International[3]/trucks	5⅛	643	425	396	247	23	0.47	100
Pan Am/airline	2⅛	(245)	504	203	(448)	133	(0.73)	25
Texas Air/airline	14	949	326	72	877	84	2.85	19
Westinghouse/multicompany	51⅛	3,577	1,048	879	2,698	64	7.52	45

[1]Net worth less unaccrued pension liabilities. [2]Current pay-as-you-go annual expenses for retiree health care and other nonpension benefits.
[3]As of Oct. 31, 1987.

Sources: Value Line Database Service, via Lotus CD Investment; Forbes.

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NUMBER 1

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41st ANNUAL REPORT ON AMERICAN INDUSTRY

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Readers Say

Candor

SIR: Re your article on Fieldcrest Cannon, "Thank you, Mr. Ely" *(Dec. 12, 1988)*. We are not surprised that a publication such as FORBES would stoop to maliciously spreading the truth as it did in that article. Keep up the good work.
—Paul F. Settlemyer
Kannapolis, N.C.

School

SIR: Bravo for your insightful comments on Catholic schools *(Fact and Comment, Dec. 12, 1988)*! As a product of nine years of such education, with no choice in the matter, I thought the discipline was God's way of getting back at me for my youthful imprudence. But, in my middle age, I'm convinced that it was perhaps the most profound decision my parents ever made.
—Ray McCool
Madison, Wis.

SIR: You have done all of independent education a service. All too often corporations and foundations politely decline funding requests because they "do not support secondary institutions" or "do not support religious-affiliated schools." Nevertheless, we will continue to approach corporations and foundations because we know that, eventually, your message will be heard.
—George Winzenburg, S.J.
President,
Marquette University High School
Milwaukee, Wis.

SIR: When a non-Catholic observer with your background and experience urges that the business community support inner-city parochial schools, you provide those who are attempting to raise the necessary funds with vastly increased credibility.
—John J. Nevin
Chairman of the Board,
Firestone Tire & Rubber
Chicago, Ill.

SIR: The mere fact that the students in Catholic schools come from families that care enough about their children to make a financial sacrifice gives them a tremendous advantage. The dropout rate seems to be a pretty simplistic way to evaluate a school system. How many Catholic schools provide breakfast for students that come to school hungry? How many are required to educate any student that shows up on their doorstep?
—Richard T. Russell
Kalamazoo, Mich.

SIR: Where do you suppose children who can't succeed in Catholic schools transfer?
—Carl E. Scheetz
Superintendent,
Hamilton Township Public Schools
Mays Landing, N.J.

Petrodollars

SIR: Your Dec. 12, 1988 Fact and Comment II points out the fallacy of the linkage between the weak dollar, the large budget and trade deficits. Actually there is a linkage. Not the one you so correctly refute, but rather just the opposite.

Much of the world's commerce and international indebtedness is denominated in dollars.

Two items alone—the drop in the price of oil and the reduction of the federal budget deficit since 1985—demand some $180 billion fewer a year. Of course there are offsets like new foreign investment in the U.S., but they don't seem to add up to a couple of hundred billion dollars annually. And yet, there are all those dollars around looking for something to do. The effort to balance our budgets and any further decrease in the price of oil will only lower the value of the dollar.

Isn't it rather curious that the international value of the dollar, the size of the budget deficit and the price of oil all peaked within a few months of each other back in 1985?
—R. Thomas Sour
New York, N.Y.

Fractional rule

SIR: I take exception to your portrayal of the pension rule known as the "fractional rule" ["Look before you leave," *Nov. 14, 1988*]. Assume that Jane Doe's pension plan provides for 1% of compensation per year of service, payable at age 65, and that Jane starts at age 25 and quits at age 40 when she is making $100,000. If Jane's plan permits unlimited pension accruals, Jane will not have her $15,000-per-year retirement benefit knocked down to $5,625. In contrast, if Jane's plan were to permit only a total of 20 years of credited service, Jane will have a problem with the fractional rule. Her 20 years (15 earned, plus 5 projected) are multiplied by the $^{15}/_{40}$ fraction to give her 7.5% of compensation for her 15 years, or $7,500 per year.
—John J. McGowan Jr.
Cleveland, Ohio.

Wrong year

SIR: FORBES' table of "200 Best Small Companies" *(Nov. 14, 1988)* contained a significant error relative to the 1988 estimated earnings per share of LIN Broadcasting Corp. The correct number would have been about $1.50 for analysts' average estimates, up from our 1987 actual of $0.99. Perhaps you mistakenly reflected analysts' 1989 estimates in the table.
—Michael Plouf
Vice President-Corporate Development and Treasurer,
LIN Broadcasting Corp.
New York, N.Y.

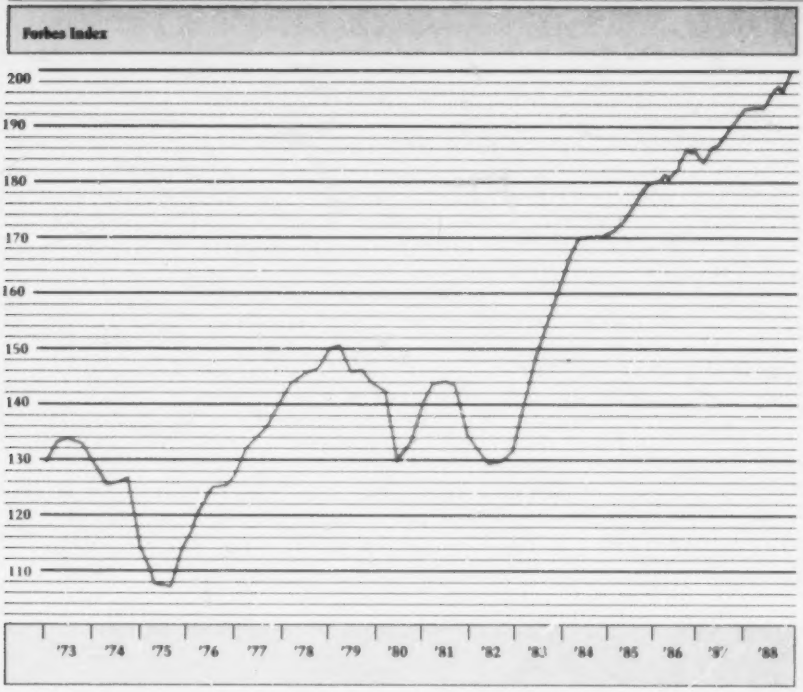
Our column head should have read 1989 earnings estimate, not 1988 earnings estimate.—ED.

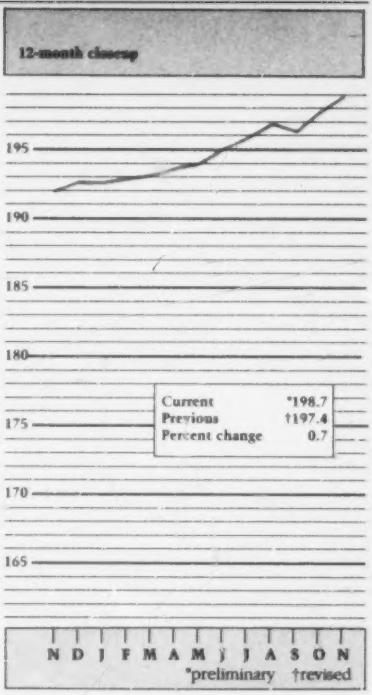
S&L Woes

SIR: Your plea "Has no one the brain, guts to blow the whistle on S&Ls" *(Fact and Comment, Nov. 28, 1988)* will go unheeded unless the violators are given jail terms and heavy fines. When a bank or S&L is operated by the guidelines, and the directors adhere to the guidelines, no bank or S&L should experience problems.
—Anthony V. Miscavige Jr.
Mount Carmel, Pa.

SIR: I am an FSLIC-appointed director of a failed "Management Consignment Program" institution. The negative tangible net worth (without the Alice in Wonderland accounting) has to be made up by the FSLIC/U.S. government before investors are willing to put up the rescue capital. I don't see the "multiple scoundrels." I see institutions that are insolvent and no one is coming up with the cash.
—Albert E. Riley
Palatine, Ill.

The Forbes Index



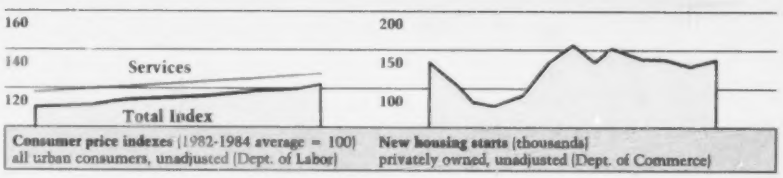


Crash? What crash? After a dull third quarter, retail sales jumped 1.6% in October and 1.1% in November. In the weeks following the Oct. 19, 1987 market crash, people curtailed their spending. The sales tally of $138 billion for this past November is 9.6% higher than it was in the previous year. If the recent buying spree extends to the last few days of the holiday shopping season, fourth-quarter retail sales will show a marked improvement over 1987 levels. One problem: Consumers are taking on more debt. Consumer installment credit expanded by 0.5% in October, to a record $657 billion, even though interest rates have increased and interest payments now have a less favorable tax treatment. Industrial production rose 0.4% in November, the 14th consecutive monthly gain.

The Forbes Index Components

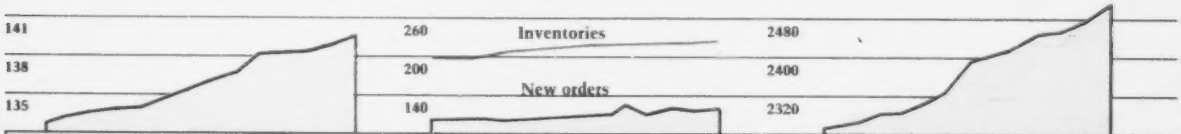
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, Forbes monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Consumer price indexes (1982-1984 average = 100) all urban consumers, unadjusted (Dept. of Labor)

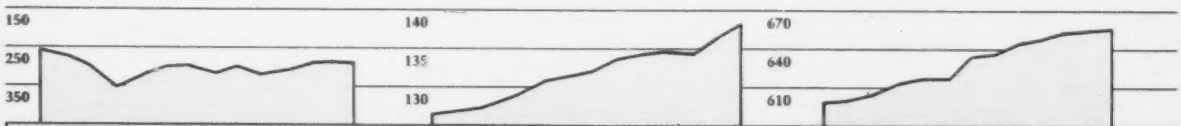
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)

Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)

Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)

Retail store sales ($billions) seasonally adjusted (Dept. of Commerce)

Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

O N D J F M A M J J A S O N O N D J F M A M J J A S O N O N D J F M A M J J A S O N

Only yesterday oil companies were unloading refineries and gas stations. Now that's what everybody wants to have.

Fill 'er up

By Howard Rudnitsky

POWERFUL CARS are in demand again, and people are driving more. Consequently, U.S. gasoline demand is now running around 7.3 million barrels a day, up from 6.7 million in 1984. Against that demand, there is only 6.9 million barrels a day of domestic gasoline production. Demand is growing by over 100,000 barrels a day. "There's little question," says Alan Gaines, energy analyst and president of New York's Gaines, Berland Inc., "that the U.S. oil industry has shifted from excess refining capacity to a shortage."

If there is an oil glut, it is at the crude oil level; no longer must gas stations slash prices to move product.

Talk about a reversal of fortunes. A few years ago oilmen were selling refining and marketing assets at distress prices. As recently as 1987, a refinery sold for about $950 per daily barrel of capacity. Look at refinery prices now. This fall Mobil purchased Tenneco's 175,000-barrel-a-day Gulf Coast refinery for $560 million—about $3,300 per barrel. Marathon Petroleum in November bought the 50,000-barrel-a-day Rock Island refinery in Indianapolis for about $4,000 a barrel. Foreign producing countries are offering even higher prices for U.S. refineries, not just for economic reasons *(see box, below)*.

With prices way up, are buyers overpaying? Oppenheimer & Co. energy analyst William Hyler doesn't think so: "While oil refining will never be as profitable as petrochemicals, still I think oil refining today is where the petrochemicals business was about two years ago—taking off." Hyler predicts, "Improved refining and marketing margins are likely to continue for some time, even though there will always be some short-term volatility in refining."

The situation is made to order for refiners. Compared with a few years ago, crude oil prices, their raw material, are weak, while prices for refined products have been steady.

Refining and marketing companies aren't the only winners in this turnaround. Also getting a lift are the big integrated oil companies short on oil reserves but long on gas stations and refineries *(see table, p. 66)*.

Amoco quadrupled its refining/marketing profits in the first nine months of 1988, to $630 million. In the U.S. market, Exxon lost $50 million in refining/marketing in the first nine months of 1987 but made $414 million in the first nine months of 1988. Texaco converted a $63 million loss on refining and marketing in the first three quarters of 1987 into a $402 million profit in 1988's first nine months. Ashland Oil's refining/marketing profits spurted from $26 million in 1987 to $230 million last year.

Anyone today with a retail gasoline network owns a valuable franchise. High-volume, 24-hour gasoline service stations are cash machines, some of them earning returns as high as 35% on investment. By adding convenience food stores to station locations, the marketers greatly increase their profit potential.

Aside from the major oil companies, Diamond Shamrock in Texas and Marathon Oil, Total Petroleum and Ashland Oil in the South and Midwest are among the most efficient regional marketers. At Ashland Oil,

Quota fudging?

Refineries in the U.S. process 15 million barrels of oil per day, almost half of it gasoline. Of that total, foreigners now own under 10%, but they seem keen to acquire more.

Although not all refineries are the same, it's clear that prices are rising rapidly. In September 1986, for example, the Venezuelans acquired 50% of Southland's Citgo refinery and marketing operations for about $290 million, or some $1,400 per daily barrel of capacity. In September 1988 Union Pacific Resources agreed to sell its 100,000-barrel-a-day Wilmington, Calif. refinery to Great Britain's Ultramar Plc. for $440 million, or over $4,000 per barrel. The Venezuelans are now negotiating to buy half of Unocal's 150,000-barrel-a-day Chicago refinery (and over 100 gas stations) for an estimated $535 million, or $5,800 per daily barrel.

The Saudis, too, have been active. Texaco recently sold the Saudis a 50% interest in its eastern and Gulf Coast refining and marketing operations, with refining capacity of over 600,000 barrels a day, for $1.8 billion, or well over $4,000 a barrel. Another Saudi refinery deal is reportedly in the works.

What has been behind the upsurge in deals? More than foreign producers' strivings for assured markets for their plentiful crude and for a piece of refining and marketing profits. Some OPEC countries also saw investing in a refinery as a way around some of OPEC's crude oil export production quotas. By owning even a part of a foreign refinery, an OPEC country could find ways to ship oil for that refinery's operation that might not have been counted in the country's quota.

As a result of the recent OPEC agreement in Vienna, C.J. Lawrence/Morgan Grenfell's energy strategist Charles Maxwell contends, that sort of quota fudging will be ruled out as of Jan. 1, 1989.

Even if that ban holds, expect more refinery deals. The money to be made downstream, plus the desire for assured markets, are strong enough reasons.—H.R.

Right place, right time

Widening oil refining and gasoline margins have boosted profits for most of the 13 companies listed below. The biggest gains are going to those oil companies most dedicated to refining and marketing. The stock market has just begun to take notice. Although prices have risen, earnings are rising even faster.

Company	Domestic refining capacity (bbl/day) (000)	Nine months refining and marketing net income ($mil) 1988	1987	Earnings per share	P/E	52-week price range	Recent price	Current yield
Integrated majors								
Amoco	967	$631	$147	$8.03	9.2	80¼–63	74	4.7%
Arco	644	280	100	8.42	9.4	90⅞–63⅞	79¼	5.0
Exxon	1,211	1,249	135	4.01	11.1	47⅜–36½	44⅝	4.9
Mobil	755	701	241	4.88	9.3	49⅛–35	45⅝	5.3
Phillips Petroleum	305	302[a]	137[a]	2.29	8.8	22⅛–10	20¼	3.6
Sun	462	204	24	2.92[b]	—	33⅛–28	32½	5.5
Texaco	899	693	55	5.47[c]	—	52½–31¾	50⅛	6.0
Unocal	490	124	28	1.56[d]	—	40⅜–24⅞	37⅞	2.6
Refining & diversified[a]								
Ashland	346	201	14	3.29	10	37⅞–26⅜	33	3.0
Diamond Shamrock	155	41	13	1.20	12.6	17 – 7½	15⅛	2.6
Mapco	100	48	16	4.99	10.8	60⅜–42¾	54	1.9
Tosco	137	86	34	0.75[e]	4.1	3⅛– 1⅜	3⅛	—
Marathon Oil[f]	588	336	160	1.94	14.8	34⅛–26	28¾	4.9

a: Nine-month pretax income. b: Before extraordinary charge of $2.81 per share. c: Before extraordinary charge of $19.83 per share. d: Before extraordinary charge of $1.15 a share. e: Before extraordinary gain of 79 cents a share. f: Earnings per share and stock data are for USX, Marathon's parent.

the gross margin on unleaded premium gasoline reached 19 cents per gallon last fall, compared with only 10 cents two years earlier. A number of oil companies report margins of anywhere from 12 cents to 14 cents per gallon of gasoline sold at the pump, with the best margins coming from the high-octane unleaded gas sold for today's popular big cars.

Ironically, much of this new profitability traces to government action. In the early to mid-1980s many refineries were shut down because environmental restrictions would have required them to spend huge amounts to comply with the law. The closing of over 100 refineries has removed more than 3 million barrels per day of domestic capacity—15% of the total.

The process continues. California recently passed legislation to require refiners to spend almost $300 million on scrubbers and emission control devices for refineries in the state. At the federal level, the Environmental Protection Agency will soon demand that refiners reduce sulfur content in diesel fuel by 1993, costing the industry over $3 billion. Additional EPA requirements being considered to produce gasoline with lower vapor pressure to reduce gasoline volatility may cost another $1 billion. Such costly expenditures could lead to the shutdown of still more refining capacity.

There will be some incremental capacity additions and upgrading of existing refineries. British Petroleum's Sohio, for example, is reportedly about to construct one of the largest continuous catalytic reformers in the world at its 130,000-barrel-per-day Toledo, Ohio refinery, at a cost of $60 million, to boost high-octane yields. Ashland Oil will spend about $50 million over the next four years at its three midwestern refineries, reports Ashland Chairman John Hall, "to remain competitive in the octane race."

But no one expects any massive capacity additions built from the ground up anytime soon. Even with returns on refining assets approaching 18%, says Oppenheimer's Hyler, "there's little incentive to build new refinery capacity." Hyler believes asset returns must stabilize at around 30% to warrant building a new refinery.

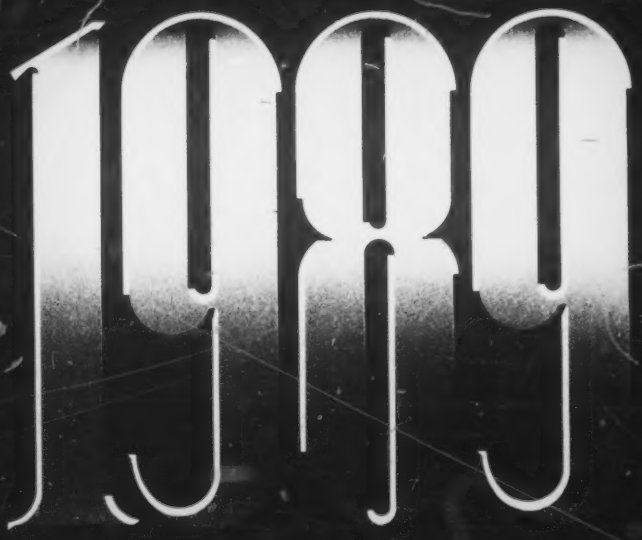
Arnold Zann/Black Star

Marathon Oil's Speedway gas station
Pumping premium profits.

Until recently, the gap between U.S. demand for refined products and U.S. supply has been filled by shipments from Europe, where overcapacity existed. Now the European economies are growing more rapidly, and Europe in 1989 will start converting to unleaded premium gasoline. As a result, European oil companies will have less product to sell in the U.S. Canada, too, will begin converting to unleaded in 1990.

Don't be surprised if the gasoline refiners' new health plays a part in the calculations of congressional budgeters, who are mulling over a gasoline tax to help close the budget deficit. Producers themselves would be hard put to plead hardship in the event of a modest boost in gasoline taxes. Such a tax might make it more difficult for refiners and marketers to raise prices but would be unlikely to reduce demand significantly. If a gasoline tax of no more than 15 to 20 cents a gallon were imposed, and phased in over time rather than all at once, says Ashland Oil's Hall, demand would be hurt little, if at all. ■

41st Annual Report On American Industry



Leveraged takeovers dominated the headlines last year. The quieter story, far more important in the long run, was about the application of computer and communications technology to every manner of business.

By Gary Slutsker and Jason Zweig

THIS, FORBES' 41ST Annual Report on American Industry, tells two stories. One is financial: the storm of leveraged takeovers and buyouts. The other is technological: the growing importance of applying computer and communications technology to every sort of business.

For example, the phone companies listed in our telecommunications category *(see p. 194)* are going to expand heavily into computer networking and information services. Meanwhile, the computer companies *(see p. 114)* are trying to convince customers that they are truly in the communications business. Thus, during 1988 Unisys bought Timeplex, a maker of data communications equipment, Hewlett-Packard bought into Octel Communications, an up-and-coming voice messaging startup. Even IBM, which sold its Rolm PBX manufacturing and development operation to Siemens, redoubled efforts to help customers set up private telecommunications networks.

Just about everyone is, one way or another, finding advantage in applying computers and modern communications to their businesses. Knowing how to do so is today one of the major tools of good management. The companies with the best profit and growth records in this survey are often the ones that have learned well how to apply computers and modern communications to their businesses. A few examples: An important part of Pitney Bowes' spectacular growth is coming from replacing customers' electromechanical postage meters with new electronic units that enable companies to replenish the postage by phone instead of lugging the meter down to the post office—easier communication. Pitney now spends most of its R&D budget designing software and custom integrated circuits. H&R Block has become the nation's largest preparer of electronically filed tax returns—computerized paperwork. H&R Block a computer company? No, but computers are transforming its business, and keeping up with computers is a prime [illegible] facing its management.

The same with airlines. AMR Corp.'s American Air-

lines, for example, has a profitable sideline in computers. Through its worldwide Sabre reservation and travel data processing system, the company is inescapably dependent on computers. In 1988, even as airline profits rebounded strongly, Sabre still accounted for 13% of AMR's $440 million in estimated net earnings. Likewise, PacifiCorp, a holding company with 54% of its assets in electric utilities, earns 14% of its profits from selling long-distance telecommunications services in Alaska and local phone service in nine states.

With technology stocks looking relatively cheap these days, some companies in mature industries are seizing the opportunity to invest in the future inexpensively. Thus, President Peter Scott is turning Emhart from a manufacturing backwater into a high-technology outfit by acquiring firms involved in technology consulting and software services for the government *(see pp. 118-119)*. At Milwaukee's Harnischfeger Industries, Chairman William W. Goessel has given the 98-year-old heavy-equipment manufacturer *(p. 156)* a new high-technology face. These days 18% of the company's operating profits comes from Syscon Corp., a fast-growing Washington, D.C.-based maker of defense-related computer systems that Goessel bought two years ago.

Any business, in short, ignores computers and computer applications at serious risk to its future.

But if computer and communications technology applications were the big business story of 1988, leverage was the big financial story. In one heady week in October—exactly 53 weeks after the October 1987 crash—sudden buyout offers by Philip Morris for Kraft and by RJR Nabisco for itself added more than $8 billion to the stock prices of the two companies almost instantly. Equally abruptly, the bonds of some of the companies involved took a pounding, with RJR Nabisco's long-term bonds losing an estimated $500 million in value.

Leveraged buyout deals dominated the year, with the size of the buyouts leaping upward in great swoops as the months passed—from $6.8 billion for Federated Department Stores in May, to the RJR Nabisco deal at $25 billion in November. What was fueling the frenzy? The motivations for buyouts and takeovers in years gone by—manufacturing capacity, cash on hand—were forgotten in favor of the latest fashion on Wall Street: the gobbling up of brand names.

As the year ended, Congress and the politicians were muttering about doing something to slow the spread of takeovers and of leverage. Privately, though, most of the political figures admit that there is little they can do that would not risk fouling up the function of the free marketplace. There is one fairly simple fix, one which would enhance rather than inhibit free markets: In its cover story of Nov. 28, 1988, FORBES showed how the double taxation of corporate dividends played right into the hands of the leverage artists. But eliminating the double taxation is politically difficult, so Congress probably will simply continue to mutter—and next year at this time more famous corporate names will disappear from this survey, either by going private or by being acquired, in either case with liberal use of debt leverage.

Despite this wastage, this year FORBES' survey has been expanded to include more companies than ever before, 1,116. Our survey now embraces many of the companies that have become too big for the FORBES list of the 200 Best Small Companies in America *(Nov. 14, 1988)* but are still too small to qualify as a Forbes 500 company *(Apr. 25, 1988)*. Among the 166 corporations newly added are such outstanding companies as Wyse Technology, Carnival Cruise Lines and Genentech.

Our new minimum cutoffs for inclusion in this issue are $475 million in assets for banks and $400 million in revenues for most other firms. Exception: the brand-new industry report on biotechnology companies. Here all the companies, with the exception of Genentech, have less than $145 million in sales. FORBES has identified the biotech industry as being so important that it cannot be ignored in any major survey of American business, even if the firms don't qualify under our standard rules for size and long-term records.

Leveraged buyouts and smart computer and communications applications. Those were the big stories of 1988. We are betting they will be the big stories again in 1989. ■

Turnaround candidates

Industry	Company	Survey page
Aerospace and defense	Wyman-Gordon	82
Air transport	Airborne Freight	84
Apparel, shoes and textiles	Phillips-Van Heusen	86
Automotive	GM	90
Banks and thrifts	Mellon Bank	94
Beverages and tobacco	American Brands	100
Chemicals	HB Fuller	103
Coal	Amax	108
Communications media	Turner Broadcasting	111
Computers and electronics	Seagate Technology	114
Conglomerates	Emhart	118
Construction	Morrison Knudsen	120
Consumer products	American Hoist	126
Electrical equipment	General Signal	128
Electrical utilities	Public Service NH	132
Financial services	Lomas Financial	136
Food distributors	Fleming Cos	139
Food processors	Pioneer Hi-Bred Intl	144
Health	Manor Care	150
Heavy equipment	Harnischfeger Industries	156
Industrial and office services	Savin	158
Insurance	Provident Life & Accident	161
Leisure and recreation	Mattel	168
Metals	USX	172
Natural gas	Tenneco	174
Oil	Dresser Industries	178
Packaging	Constar International	182
Paper	Union Camp	184
Retailing	Gap	188
Surface transportation	Avondale Industries	192
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How the numbers are calculated

Yardsticks of management performance		Profitability					Growth					Sales
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)

Segment sales and profits

FORBES' 41st Annual Survey of American Industry has expanded to include corporations that have outgrown our requirements for the 200 Best Small Companies in America *(Nov. 14, 1988)* but are too small to be a Forbes 500s company *(Apr. 25, 1988)*. With minimum revenue requirements of $475 million annually for banks and $400 million for other firms, 1,116 corporations are now covered in this report, a record.

In this report a company may be listed in as many as three industry groups. The industry tables show the percentage of sales and profits a company derives from a particular industry. FORBES' definitions may vary from company designations, and numbers in these columns may not total 100%.

Profitability

For this issue return on equity is calculated by taking primary earnings per share and dividing it by common shareholders' equity per share at the beginning of the year. For calculating a company's common shareholders' equity, FORBES assumes the conversion of all convertible preferred stock. The liquidating value of nonconvertible preferred shares is subtracted from total stockholders' equity. When calculating per-share earnings, FORBES includes gains or losses from discontinued operations but excludes extraordinary items.

As a result of recent rulings by the Financial Accounting Standards Board, an unusually large number of corporations are making a variety of adjustments to their income statements these days. Most companies will take charges in fiscal 1988 or 1989, but some firms are restating 1987 data, and others, such as Transco Energy, have restated prior results as far back as 1982. Because firms are handling these adjustments differently, intercompany comparisons may require additional scrutiny.

Time periods

The five-year growth rates shown in this issue for both sales and profits require six years' worth of data. For companies with fiscal years ending in April through December, growth rates are based on the fiscal years through 1987. For companies with fiscal years ending in January through March, the fiscal years through 1988 are used. Growth rates covering a period of less than six years are marked with a footnote. When less than four years' worth of data are available, or data are not comparable, the growth rate is marked NA (not available).

Average return on equity is marked NA if fewer than three annual returns are available. Latest 12-month comparisons are between the most recent four quarters and the same four quarters the previous year.

Net profit margin and sales are measured over the latest 12 months. Debt as a percentage of equity is calculated as of the latest balance sheet.

Growth rates

We use the least-squares method to calculate sales and earnings growth rates. This equation adjusts for sharp fluctuations and comes up with a result that closely reflects the average rate of growth. Example: Over four years a firm's earnings go from 25 cents to $1, then to $2, and finally to $1.75 in the last year. That's a 300% jump from the first to the second year, a 100% jump in the third year and a 12.5% decline in the fourth year. Least-squares says that, on average, earnings grew by 92% (25 cents x 92% x 92% x 92%). The least-squares equation cannot handle negative values. If first- or second-year earnings are negative, FORBES calculates the growth rate for a shorter period, starting at the first positive year. If earnings are negative in any of the last four years, the growth rate is reported as not meaningful (NM).

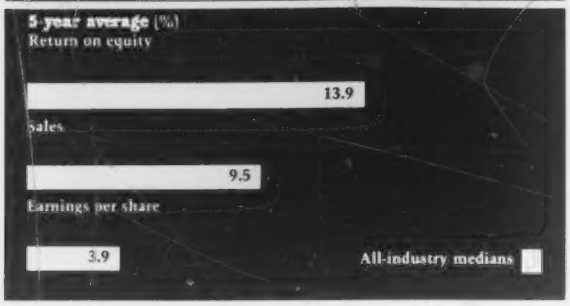
Definitions

FORBES defines sales as net sales plus other operating revenue. For banks, sales is defined as total interest income plus other income. Sales of insurance companies include income from premiums and annuities as well as net investment income and other income. Net profit margin measures net income as a percentage of net sales, including other operating income. Debt as a percentage of equity is defined as long-term debt, including capitalized leases, divided by total equity (including preferred equity).

Medians for all companies are calculated by listing companies in rank order and selecting the value of the middle company. When there is an even number of companies, the median is obtained by averaging the data on the two middle firms. The all-industry median is calculated by taking the median of 31 individual industry medians.

All companies except those with NA are ranked in calculating an industry median. This means that firms with "not meaningful" results (NM) are counted in the median calculation. Why? Take the telecommunications manufacturers *(p. 194)*. Six companies are in this subindustry but only two have positive five-year earnings growth rates. A median calculated on only the two profitable companies (Northern Telecommunications and Motorola) comes out to 9.3. But such a median indicates that the overall group is showing respectable earnings growth. By counting all six firms in the median calculation the resulting median is NM, which better represents what is going on in this subindustry.

AEROSPACE AND DEFENSE



For one segment of the business, a spending slowdown starts to bite. For the other sector, the good times keep rolling along.

By Howard Banks

FOR MUCH OF THE REAGAN ERA this was the business to be in. But growth in defense spending began to slow two years ago, and by 1988 the long-predicted squeeze on defense contractors was startiilg to bite. Thus, sharp increases in net profit margin by Lockheed, General Dynamics, Teledyne and a handful of other contractors were not enough to prevent an overall decline, to 3.9% for the sector.

As he prepared to leave office, President Reagan proposed a 2% increase, in real (inflation-adjusted) terms, in defense spending for fiscal 1990, beginning October 1989. That rate of spending would work out to $200 billion less than the Defense Department itself wants to spend over the next five years. But it's not clear whether President-elect George Bush will agree, especially in light of the Soviet Union's recent attention-grabbing announcement of a plan to cut U.S.S.R. defense efforts unilaterally over the next several years.

Whatever level of spending is finally set, some future programs, like the advanced tactical fighter and the new Navy attack aircraft, will likely go into slow motion. SDI could be trimmed to a less elaborate, and therefore less expensive, package. The MX missile may be threatened and so may the Midgetman missile. An outside possibility exists that the B-2 Stealth bomber could be delayed because of its enormous cost—$555 million per plane in today's dollars.

Inevitably, fewer new programs will be funded. Those that will be awarded are likely to be handed out, not to a single prime contractor, but to "teams." Cases in point: The Navy's new

Winning back the customers

Wyman-Gordon Co., of Worcester, Mass., long America's leading maker of aluminum and titanium forgings for jet engines and aircraft, is surfacing from nearly a decade of decline. It seems odd that a company so centrally positioned in this industry should have missed out on the boom this group has enjoyed in recent years. But increased competition cost it market share.

Now a turnaround is clearly under way. Though the $14 share price, down from a $17 high this year, has yet to reflect it, Wyman-Gordon is in the process of winning back the customers it had earlier lost. Sales are expected to hit $330 million in 1989, up from $270 million last year, yet still far from 1981's peak of $561 million. The company reported a $1.13-per-share loss in 1986 after taking $55 million of a total $80 million restructuring cost and an 80-cent profit in 1987. Profits per share in 1988, boosted by a 47-cent-per-share gain from an accounting change but limited by stepped-up investment spending, are expected to be around 65 cents, and, say analysts, over $1 in 1989.

James Walsh of Wyman-Gordon Michael Carroll

Chiefly responsible for the recovery is James Walsh, president and chief executive since early 1987. His approach: a capital investment drive to cut costs and boost productivity in such items as a new high-purity melting furnace, and a forging technique that makes parts much closer to finished size, thereby using less raw material. Now, taking advantage of the company's minimal debt (6% of equity), Walsh is acquiring small leading materials technology firms.

In October Walsh added Precision Founders of San Leandro, Calif., which makes ultraclose-tolerance and very complex castings. And in November he financed a management buyout of Mojave, Calif.-based Scaled Composites from Beech Aircraft. This company fabricates aircraft parts from plastic composite materials, giving Wyman-Gordon a foothold in this leading new manufacturing technology. "It's only the first phase," says Walsh of a process that should transform Wyman-Gordon from a traditional metals manufacturer into a supplier of ultra-high-technology aerospace materials.

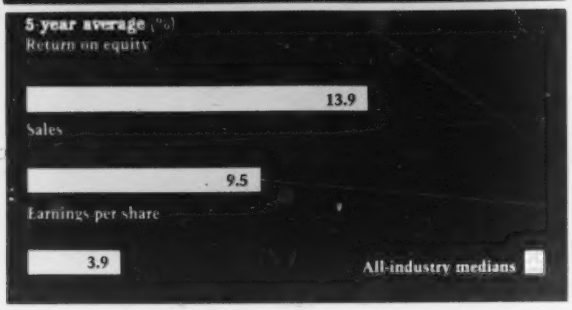
reconnaissance aircraft is to be an update of Lockheed's P-3 airframe, chosen over Boeing's more expensive 757. But Boeing gets to share, equipping the P-3 with new electronics, and probably making more money than Lockheed in the process. Similarly, Allied-Signal is sharing with Raytheon the $4 billion electronic system intended to identify friendly aircraft in wartime and, in peacetime, prevent shootdowns of airliners, as happened in the Persian Gulf.

Contrast all the penny-pinching and program-squeezing on the military side with the boom firmly under way in civil aircraft orders. Boeing's backlog is now a record $53 billion involving over 1,100 airliners. McDonnell Douglas, too, has benefited. Its MD-11 (an update of the DC-10) gained a boost earlier this year when it was ordered by Delta Airlines. The market segment this plane is aimed at—long range but not large enough to justify using Boeing 747s—may, however, not be large enough for McDonnell to recoup its $1 billion investment in this program. ■

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Aerospace and defense													
Lockheed	●/●	1	35.5%	32.1%	41.9%	6.1%	8	15.5%	–1.4%	20	12.5%	78.2%	$10,816
Oshkosh Truck	83/NA	2	34.3	15.1	0.0	4.4	2	35.1	–12.6	4	53.3	–39.7	353
General Dynamics	●/●	3	25.2	22.7	34.1	3.9	26	8.3	1.0		NM	500.0+	9,413
Pall	36/35	4	24.1	21.4	12.3	13.4	9	14.8	11.4	19	13.3	18.3	429
Precision Castparts	86/NA	5	23.5	21.9	32.1	8.0	1	40.3	11.2	5	49.1	–6.9	431
Teledyne	34/42	6	22.7	23.0	25.9	13.4	38	2.2	3.7	13	17.4	83.1	3,365
Sequa	60/60	7	22.2	8.1	70.2	3.3	40	1.7	80.0	3	77.6	–77.1	1,617
Rockwell Intl	78/79	8	21.3	25.3	20.8	6.8	16	11.9	–1.5	14	16.6	33.9	11,946
E-Systems	●/●	9	20.4	16.7	21.7	5.3	19	10.5	12.7	25	6.9	24.7	1,367
Morton Thiokol	47/28	10	20.4	15.8	15.6	6.6	7	16.4	18.2	29	3.9	9.5	2,414
Hercules	37/36	11	19.8	7.5	21.2	5.5	41	1.2	2.9	9	34.5	–76.6	2,731
Martin Marietta	75/71	12	19.7	39.0	47.6	6.4	27	7.8	8.6		NM	70.7	5,532
Rohr Industries	●/●	13	19.3	9.5	70.7	3.6	35	3.1	36.7	27	4.9	20.9	907
Raytheon	71/84	14	18.7	26.0	2.1	5.9	29	6.9	7.3	21	12.0	23.4	8,120
Northrop	●/●	15	18.7	23.7	0.1	3.9	5	20.1	–1.9	8	39.4	225.9	5,837
Loral	●/●	16	18.6	19.0	127.4	5.5	3	32.9	43.9	11	18.4	25.6	1,489
GenCorp	54/48	17	18.6	NE	NE	17.0	44	–0.2	–13.4	1	92.3	57.8	1,811
Westinghouse	NA/NA	18	18.3	22.0	93.7	7.0	37	2.5	9.4	15	16.1	10.7	11,407
General Electric	29/35	19	18.1	17.2	19.8	7.4	25	8.3	–2.5	28	4.1	19.8	38,562
Kaman	55/75	20	17.4	16.9	71.1	3.5	21	9.9	12.2	12	18.2	15.9	764
Boeing	●/●	21	15.7	11.6	4.9	3.5	14	12.4	6.0	23	10.4	11.4	16,689
Grumman	●/50	22	15.0	3.1	102.3	0.6	15	12.1	6.5		NM	–75.5	3,510
Figgie Intl	23/27	23	14.6	18.0	42.0	5.2	24	8.7	16.6	17	14.6	30.2	1,131
FMC	32/26	24	14.5[b]	NE	NE	3.0	46	–2.9	6.5	7	42.2	–40.2	3,261
TRW	46/40	25	14.3	19.3	55.2	3.9	32	4.9	5.7		NM	20.6	7,010
Computer Sciences	49/NA	26	14.2	14.0	23.8	4.0	18	11.4	8.3	16	14.8	26.6	1,195
Litton Industries	67/70	27	13.5	15.7	128.5	3.4	45	–2.0	10.1	32	–11.0	22.7	4,864
McDonnell Douglas	●/●	28	13.3	10.0	39.1	2.2	10	13.5	5.3	26	5.3	–0.8	13,813
Parker-Hannifin	29/35	29	12.9	13.1	48.0	4.6	13	12.4	20.0	22	11.9	15.6	2,335
Textron	53/43	30	12.6	11.4	76.8	3.6	4	24.4	–2.7	10	28.0	–15.7	7,232
Interlake	23/NA	31	11.6	17.9	29.8	5.8	43	–0.1	10.9	6	42.7	28.4	869
Harsco	31/25	32	11.4	15.4	29.6	5.2	31	5.6	17.8	18	14.6	20.1	1,299
United Technologies	51/56	33	11.3	15.8	35.2	3.9	34	3.7	4.0	33	–19.1	300.8	17,656
Sundstrand	73/78	34	9.9	def	48.2	def	20	10.0	3.6	31	–9.4	P-D	1,435
Perkin-Elmer	26/35	35	9.2	10.6	5.1	6.2	30	6.1	–7.6		NM	D-P	1,182
Harris Corp	38/74	36	9.0	7.0	14.1	3.3	28	7.1	–3.5	30	–3.9	–18.6	2,042
SPS Technologies	39/●	37	7.9	4.3	40.6	1.7	12	13.0	5.9	2	82.3	–46.4	417
IC Industries	24/27	38	7.1	17.3	68.6	7.6	39	1.8	–9.2		NM	53.0	3,700
Allied-Signal	43/43	39	6.3	14.1	62.1	3.7	23	9.8	5.9		NM	–13.3	11,856
Honeywell	46/38	40	5.8	6.0	32.8	1.9	36	2.5	14.0		NM	D-P	7,198
Wyman-Gordon	●/●	41	5.4	3.0	5.8	3.0	47	–7.1	–19.4		NM	D-P	261
Talley Industries	31/54	42	4.7	1.4	138.4	1.0	42	0.1	21.1		NM	D-P	351
Texas Instruments	35/51	43	4.0	20.8	29.0	5.9	33	4.0	13.8		NM	25.9	6,137
UNC	72/66	44	def	11.2	145.3	2.8	11	13.4	–18.1		NM	2.8	426
Todd Shipyards	65/●	45	def	def	253.6	def	49	–14.4	8.2		NM	D-D	373
Fairchild Industries	67/76	46	def	11.7	60.8	2.7	48	–14.4	5.3		NM	D-P	523
LTV	34/30	47	def[b]	NE	NE	def	17	11.6	1.7		NM	D-D	7,640
Avondale Industries	NA/NA		NA	0.7	26.9	0.7	22	9.9[d]	NA		NA	NA	555
GM Hughes Electronics	63/32		NA	3.5	4.0	2.3	6	19.5	3.8	24	10.1[c]	20.0	10,761
Industry medians			**14.5**	**14.1**	**32.8**	**3.9**		**8.3**	**6.0**		**8.5**	**20.3**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

AIR TRANSPORT



It was a safe and profitable 1988, but with an aging fleet now facing costly overhauls, something will have to give in 1989.

By Howard Banks

A DECADE AFTER THE START of deregulation in this industry, 1988 was the second straight year of record profits for most U.S. airlines. The fall also saw American Airlines overtake United as the largest passenger airline in the U.S. The trouble spot remains Eastern Air Lines, Texas Air Corp.'s subsidiary. If the courts continue to block Chairman Frank Lorenzo from selling its profitable East Coast Shuttle to Donald Trump, Eastern could go into Chapter 11 bankruptcy.

Elsewhere in the business, the economic benefits of merging—only ten significant jet carriers remain in the U.S.—and the resulting rationalized operations can be seen in improved financial performance. Yield, measured as average fares in cents per mile, was up 7% in 1988, faster even than traffic growth or increases in capacity or operating expenses. Result:

Small fish, big bites

Airborne Freight Corp., better known as Airborne Express (revenues, $770 million), runs a distant third in the express package business, behind Federal Express (revenues, $3.8 billion) and Emery (revenues, $1.3 billion). As a result, in 1987 and through the first few months of 1988, Airborne's profits were squeezed because of aggressive price discounting by Federal Express. Airborne's stock had slipped from a high of 36 in early 1987, and has since recovered from a low following the October 1987 crash of around 12, to around 19½.

But now it looks like its troubles are behind it. In the first nine months of 1988, Airborne enjoyed 27% earnings growth on a 21% growth in revenues, and the trend seems likely to accelerate in 1989. "Yes, we're reasonably confident about earnings growth," says Robert Cline, chief executive officer.

What gives him confidence? Simply put, aggressive marketing. While bigger rivals are squeezing their margins in pursuit of retail business, Airborne vigorously chases big, national accounts where one signed contract can bring in a flood of business. In March 1987, for example, Cline succeeded in landing a choice, and highly sought after, three-year exclusive contract to serve as overnight express traffic courier for IBM. Similarly, Airborne has just won all of the U.S. government's General Services Administration package business, which will add $15 million to $20 million in annual revenues.

Geoff Manasse

Robert Cline of Airborne

As the smallest of the three leading carriers, Airborne has to keep closer watch than the others on its costs, and Cline has shown himself more than up to the task. He buys cheap secondhand passenger jets and then saves by not fully—and expensively—modifying them into full cargo planes, able to carry large cargo containers, as his rivals do.

Airborne also does a lot of its own maintenance and modifications, aiming for reduced downtime. And rather than go in for bruising competition with international airlines, as FedEx has, Cline pays the foreign airlines to carry his international packages instead. "We have to do things these ways, because we're smaller, haven't the capitalization for any other tack," he says. It's obviously working.

an operating profit for the industry of around $3 billion, up from $2.5 billion in 1987.

The year ahead should see much the same result, says George James of consulting firm Airline Economics. This would be remarkable consistency for this normally highly cyclical business. And it will help pay for the splurge of new aircraft that the airlines have ordered, with more to come, to cope with what are forecast to be never-ending 5%-plus traffic increases.

Besides being a profitable year, 1988 was one of the industry's safest ever. Of some 7 million scheduled flights, only 2 involved fatal accidents—Delta's at Dallas-Fort Worth and Aloha's over Hawaii, when the roof partly came off a 737. The airlines have also learned how to cope with bad publicity over delays, by adding an average of 14 minutes into their schedules to kid passengers that more of them are arriving on time. Congestion remains acute, however, especially at Chicago, where the number of flights has been limited.

The airlines face new trouble in the coming year concerning older jets, the so-called geriatrics, such as earlier 737s and Douglas DC-9s. Increased inspections and some modifications are being called for on these earlier types.

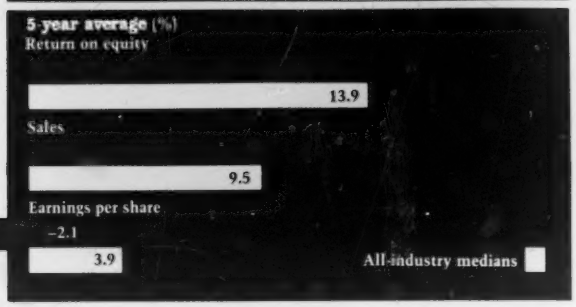
Properly done, such work will keep even the oldest airplane safe, but actually doing the work will add significantly—directly to operating costs, and indirectly through lost flying time. Congress is also growing concerned about the noise of those older types and may propose pensioning them off.

Given a choice, many airlines would probably choose to dump their old planes and simply upgrade to something newer. But with airframe manufacturers already sold out for years to come, airlines may wind up having to hang on to—and fix up—their planes whether they want to or not. That in turn will mean higher costs as well as more pressure to raise fares whenever a chance presents itself. ■

Yardsticks of management performance		Profitability					Growth					Sales
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Freight													
Federal Express	•/•	1	13.2%	15.1%	61.1%	4.5%	1	33.3%	20.5%		NM	D-P	$4,052
Airborne Freight	•/•	2	13.0	5.6	131.0	1.0	2	16.6	20.2	1	4.3%	–38.0%	729
Emery Air Freight	•/•	3	7.0	def	212.0	def	3	14.2	19.4		NM	D-D	1,314
Pittston	45/17	4	def	def	17.1	def	5	–8.4	24.1		NM	P-D	1,557
Tiger International	•/•	5	def[a]	293.7	500.0+	5.2	4	–3.2	13.7		NM	18.6	1,340
Medians			7.0	5.6	131.0	1.0		14.2	20.2		NM	–38.0	
Airlines													
Alaska Air Group	•/•	1	17.3%	11.6%	58.1%	4.0%	3	23.0%	20.0%	3	–5.8%	110.4%	$793
AMR	•/•	2	15.5	13.1	91.2	4.3	7	10.7	22.4	4	–6.8[d]	72.5	8,338
USAir Group	•/•	3	14.0	8.5	76.0	3.2	6	15.7	126.8	2	5.7	–36.9	5,350
Southwest Airlines	•/•	4	11.9	9.8	66.8	6.1	5	19.1	6.4	5	–9.1	155.6	829
Delta Air Lines	•/•	5	11.5	16.8	33.0	4.9	9	7.9	22.5		NM	22.6	7,165
NWA	•/•	6	7.7	6.6	62.1	1.9	4	20.7	7.3	1	52.5	–14.3	5,446
UAL	•/•	7	7.3	74.0	146.9	14.8	8	10.2	3.8		NM	500.0+	8,853
America West Airlines	•/•	8	def[b]	def	500.0+	def	1	64.0[c]	43.5		NM	D-D	728
Texas Air	•/•	9	def[a]	def	500.0+	def	2	43.9	5.5		NM	D-D	8,465
Pan Am	86/•	10	def	NE	NE	def	10	–2.5	15.4		NM	D-D	4,056
Medians			9.6	9.2	71.4	3.6		17.4	17.7		NM	4.1	
Industry medians			7.7	8.5	76.0	3.2		15.7	20.0		NM	–14.3	
All-industry medians			13.9	14.1	45.7	4.9		9.5	11.6		3.9	18.4	

•90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

APPAREL, SHOES AND TEXTILES



Fashion and sticker shock. Together they spelled trouble for this volatile industry.

By Gale Eisenstodt

DESPITE THE 10% SALES GROWTH that FORBES shows here, this was a demanding year for apparel manufacturers. In 1988 spending on women's apparel was up only about 4%, after rises of 7% in 1987 and 1986. Who was hurt? For the year, Liz Claiborne's sales grew just 9%, after last year's 30% gain, and earnings per share were off by about 9%. The sluggishness in women's apparel depressed Oxford Industries' bottom line and hurt Leslie Fay through the first half of 1988.

Why the trouble? You can blame any number of economic indicators—consumer debt, recession fears—but fashion and sticker shock were key. Female customers were uncertain about hemlines. The debate between long and short left many confused—and therefore unwilling to buy. High prices compounded the problem, convincing many women that they didn't need that dress after all.

Those companies that fared best had diversified product

Yardsticks of management performance		Profitability					Growth					Sales
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Apparel													
Liz Claiborne	●/●	1	54.8%	29.8%	3.5%	9.4%	1	46.7%	12.5%	1	51.9%	-5.1%	$1,132
VF	●/●	2	29.4	18.3	30.1	7.1	2	20.8	5.2	5	11.0	8.2	2,531
Russell	●/●	3	17.3	18.0	24.3	10.0	4	11.5	10.0	4	15.9	14.7	512
Kellwood	●/●	4	16.6	19.3	55.0	4.3	11	-1.9	20.2	2	23.3	16.0	712
Oxford Industries	●/●	5	14.3	def	39.0	def	8	3.7	1.9	9	-14.4	P-D	587
Phillips-Van Heusen	●/●	6	14.0	54.8	116.4	4.0	10	1.3	30.2	3	19.0	-12.3	603
Gerber Products	36/18	7	12.5	14.3	41.5	4.7	6	5.2	7.1	8	-13.0	93.4	1,003
Hartmarx	46/80	8	12.5	10.8	40.8	3.3	7	4.3	9.0	7	-1.9	13.1	1,157
Interco	24/ 7	9	9.3	11.5	24.4	4.9	9	3.5	-1.5	6	4.1	7.5	2,986
Fruit of the Loom	●/●		NA	25.8	395.5	5.0	5	10.2	19.3		NA	107.7	986
Leslie Fay Cos	●/●		NA	21.2	90.3	3.7	3	15.4	10.5		NM	39.3	646
Medians			**14.3**	**18.3**	**40.8**	**4.7**		**5.2**	**10.0**		**7.5**	**13.1**	
Shoes													
Reebok International	●/NA	1	200+%[b]	27.7%	1.9%	9.2%	1	254.2%	39.3%	1	200+%	-1.7%	$1,796
NIKE	NA/NA	2	18.6	35.7	7.7	9.3	3	5.4	58.5	2	-8.9	200.0	1,431
US Shoe	34/43	3	12.6	3.1	44.1	0.7	2	11.2	4.6	3	-15.1	-60.4	2,223
Genesco	30/39	4	2.8	12.0	54.1	2.6	4	-8.0	-4.1		NM	-44.0	433
Medians			**15.6**	**19.9**	**25.9**	**5.9**		**8.3**	**21.9**		**-12.0**	**-22.9**	
Textiles													
Delta Woodside Inds	●/●	1	200+%[a]	37.8%	34.6%	5.5%	2	35.2%	16.0%		NM	11.3%	$501
Dixie Yarns	●/●	2	15.9	11.1	39.6	3.8	5	14.9	23.0	1	57.8%	-18.7	617
Guilford Mills	●/●	3	15.3	14.3	52.4	4.6	4	16.5	7.2	2	5.1	14.0	585
West Point-Pepperell	44/29	4	10.4	12.3	122.2	4.3	8	9.8	26.3	4	-2.2	29.4	2,151
Springs Industries	42/19	5	8.0	9.0	46.4	2.5	6	14.8	11.5	3	-0.2	-16.8	1,798
DWG	36/36	6	7.1	28.9	362.6	3.3	1	38.5	-1.0		NM	44.6	1,120
Fieldcrest Cannon	NA/NA	7	5.3	def	149.6	def	3	23.1	0.3		NM	P-D	1,355
United Merchants	50/DP	8	def	def	256.4	def	7	10.3	-14.4		NM	D-D	624
Medians			**9.2**	**11.7**	**87.3**	**3.5**		**15.7**	**9.4**		**NM**	**-2.7**	
Industry medians			**14.0**	**14.3**	**44.1**	**4.3**		**11.2**	**10.0**		**-2.1**	**8.2**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

Sea change

Phillips-Van Heusen Chairman Lawrence Phillips looks fondly at his Bass loafers when discussing the prospects for an upturn at his company. "When we bought Bass, it had a horrendous track record," says Phillips. Losses of $47 million in 1986 notwithstanding, Phillips saw value in the Bass name and in 1987 paid $79 million for the company. At the same time, Phillips divested his firm of its tailored clothing line and men's specialty retail stores. "This was the least profitable area and showed the lowest growth potential," says he.

In large part, Phillips' moves were designed to fight off a hostile bid from Rosewood Corp., a Dallas investment firm, but the price was high. Including the cost of a 5.2-million-share stock buyback plan to fend off Rosewood, the cost of independence was a more than sixteenfold increase in long-term debt, from $7 million in 1986 to $121 million a year later. Meanwhile, per-share book value declined to $2.48 from $10.87 the previous year.

So how is Phillips making out now? In part by paring inventories and pruning management deadwood in Bass, the company in 1988 was able to live very comfortably with its mountain of debt, with $27 million in net operating income in 1988 and an estimated $35 million in 1989. Says industry analyst Jay Meltzer of Goldman, Sachs & Co.: "Phillips is successfully bringing things around in an unfavorable apparel environment, and that says a lot about management." Meltzer expects earnings per share to increase to $1.80 in 1989, up from $1.30 this year. A lagging stock price suggests others don't see the opportunity apparent in this turnaround.

Jodi Buren

Lawrence Phillips of Phillips-Van Heusen

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Apparel inventories started to come down and sales improved last fall as more popular fashions and lower prices took hold.

lines and varied sources of supply. Take Kellwood Co., a $700 million manufacturer of men's, women's and children's clothing and home furnishings. The company's broad mix of products enables it to withstand weakness in any one sector. With plants in the U.S., the Caribbean and the Far East, Kellwood is able to switch around among suppliers to take advantage of the falling dollar.

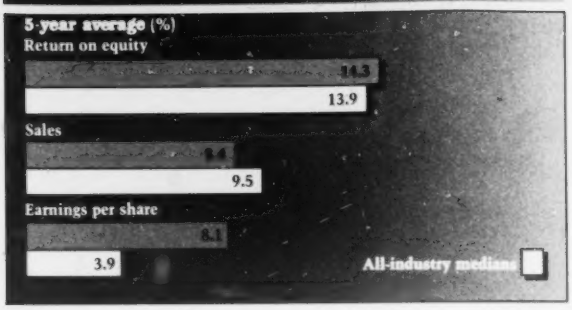
But fickle fashion and volatile currencies weren't the only woes this industry faced in 1988. Continuing consolidation of department stores has concentrated more buying power in fewer hands, enabling buyers to force down prices. Apparel companies also felt pressure from retailers such as Macy's that manufacture their own goods under their own private labels.

What to do? Apparel companies are fighting back with such marketing devices as the "store within a store." Leslie Fay, a $660 million women's dress and sportswear manufacturer, in 1988 set up boutiques in 300 department stores. "We realized that by concentrating our merchandise in one area and displaying it properly we could do 40% better," says John Pomerantz, chairman of Leslie Fay. Liz Claiborne Inc. (1988 sales, $1.1 billion) took the concept one step further by opening its own retail outlets.

Many textile companies were barely bruised by the environment, primarily because of earlier moves into the healthier industrial fabrics and home furnishings areas. Following the May 1988 acquisition of J.P. Stevens by West Point-Pepperell for about $1.2 billion, there are now three public textile giants in the industry: Fieldcrest Cannon, Springs Industries and West Point-Pepperell.

What does the future hold? Apparel inventories started to come down and retail sales improved last fall as more popular fashions and lower prices started to take hold. This bodes well for 1989. Acquisitions in the apparel industry have lagged the rapid pace in some other sectors of the economy, but look for this to change as apparel plays catch-up. To stay competitive, companies must take advantage of new technological advances. That takes money. As capital spending requirements rise, expect to see further consolidation. ■

AUTOMOTIVE



The profits were lush in 1988. Even with some sales slippage, the U.S. companies should do extremely well again in 1989.

By Jerry Flint

IT WASN'T SUPPOSED TO GO ON like this. Certainly Detroit would sag in 1988 after five strong years. But a funny thing happened on the way to the poorhouse: The customers defied the predictions and went right on buying cars and trucks, especially those with "Made in America" labels on them. Customers wanted not just cars but cars that caught their fancy and went fast: Taurus, Beretta, minivans. V-8s, multivalves, superchargers—and U.S. automakers had them aplenty. Japanese-made vehicles continued to sell well, but the weakening dollar is already beginning to curb their growth. As for Detroit, with sales of 15.7 million cars and trucks, a half-million better than 1987, times have rarely been better.

The big winner was Ford. Profits in 1988 probably reached a record $5.5 billion. "There's a lot of luck in what looks like shrewd thinking at Ford," says Chairman Donald Petersen, perhaps recalling the early Eighties, when Ford was close to broke and came close to killing its now hot-selling Lincoln Town Car, but was luckily slow with the ax. But today at Ford there seems to be more shrewd thinking than luck. Two new models, the $30,000 Lincoln Continental and the sporty Probe half-breed—half Ford, half Mazda—are examples. Both were carefully designed efforts to be best-in-class. Result: two sell-outs.

Chrysler spent the year trying to digest American Motors. Management went through another shakeup. "This year has been kind of a tough one for us," says Jerry Greenwald, Chrysler's vice chairman, "but starting with this fourth quar-

The turn signal is on

When it comes to picking a turnaround candidate in the auto industry, it isn't even a contest. Under Don Petersen, Ford has already written one of the great turnarounds of recent times, and Lee Iacocca became famous bringing Chrysler back from the dead. Now it's Roger Smith's and General Motors' turn.

The giant automaker hasn't swung completely around, but the turn signal indicator is blinking. Costs have really been cut. (It took 100 hours to assemble an Eldorado-type car in 1987. It will take 66 hours in 1989.) GM's plunge in sales and market share looks to be leveling off. But the $14 to $15 a share net expected for GM in 1988 may be just a start. Remember: In 1987, GM earned $3.6 billion, or $10.06 a share, despite the fact that it was about breaking even on 75% of its business, its North American Automotive Operations. The much improved 1988 earnings probably included a relatively modest contribution from the car side of NAAO and far healthier profits from GM's truck business. Now figure what could happen if the cost-chopping continues, which seems likely, and GM's hopes for hot new cars like the four-door midsize GM10 models, to be sold by four divisions, pan out: $30 a share? And maybe a P/E of 10 instead of 7? It may not happen, but it's within reach.

Roger Smith of General Motors

GM's executives are up against first-class, foxy competitors marketing handsome cars. But GM, too, has a new generation of leaders coming, people who emerged in an environment of cost-cutting with an emphasis on quality. The old generation, who came up in an era when GM could do no wrong, are fast fading. It's the same company but a whole new spirit.

ter, we look to really better times coming." "Tough" is a bit of an exaggeration. Chrysler is expected to earn maybe a couple of bits under $5 a share, down from $5.90 last year but still darned healthy. And the family jewels, the Jeep and minivan line, continued stronger than the competition.

General Motors shared in the good news, as market share and sales, which were collapsing a year ago, leveled off. With hemorrhaging from North American Automotive Operations halted, plus big profits pouring in from Europe and costs way down, GM's net income was pushing toward $14 to $15 a share in 1988, compared with $10.06 a share in 1987. And the bulk of GM's new designs are yet to reach the market. If they sell well enough to restore some of GM's lost market share, and if profits from Europe keep pouring in, GM could easily break all profit records in the years just ahead. But even if it doesn't increase its market penetration much from 1988's 36%, GM has cut its costs to the point where it can make a nice profit on greatly reduced market share.

Yardsticks of management performance		Profitability					Growth					Sales
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Automobiles and trucks													
Chrysler	•/•	1	59.4%[b]	14.8%	44.7%	3.1%	2	20.4%	25.6%	1	70.4%	–25.3%	$30,841
Oshkosh Truck	•/•	2	34.3	15.1	0.0	4.4	1	35.1	–12.6	2	53.3	–39.7	353
Ford Motor	•/•	3	30.7	27.7	6.8	6.4	4	13.2	15.1	3	23.3[d]	20.1	79,617
Subaru of America	•/•	4	30.7	def	26.8	def	3	15.6	–11.8		NM	P-D	1,654
General Motors	86/89	5	16.3	12.7	51.8	3.8	6	11.3	6.8	5	14.2	35.5	107,757
Paccar	•/•	6	12.2	20.6	4.6	5.6	5	11.9	30.5	4	19.2	61.2	2,939
Greyhound	NA/NA	7	10.0	2.8	86.7	0.9	9	–7.6	31.1	6	–9.2	–84.0	2,923
Mack Trucks	76/NA	8	def	1.0	91.8	0.2	7	8.4	10.2		NM	–74.6	2,041
Fruehauf	52/NA		NA	NE	351.9	def		NA	NA		NA	NA	1,953
Navistar Intl	•/•		NA	30.1	22.9	5.5	8	–4.2	14.5		NM	500.0+	3,955
Medians			**23.5**	**13.7**	**35.8**	**3.5**		**11.9**	**14.5**		**14.2**	**–25.3**	
Automotive parts													
Standard Products	86/90	1	29.5%	25.7%	10.8%	6.7%	8	16.3%	11.7%	3	38.7%	22.8%	$519
Snap-on Tools	•/•	2	20.7	24.0	1.6	13.1	9	12.3	13.8	7	16.7	35.6	838
Genuine Parts	78/79	3	18.3	22.7	2.4	6.0	19	5.6	12.9	12	8.1	27.2	2,870
TBC Corp	•/•	4	17.2	27.9	0.0	3.2	18	5.8	11.1	8	15.6	48.8	482
PPG Industries	NA/NA	5	16.7	22.6	43.9	8.4	13	8.9	9.0	5	20.9	41.4	5,512
Eaton	55/65	6	16.7	19.5	58.3	6.0	16	6.9	1.2	9	11.6[d]	8.1	3,402
Echlin	•/•	7	15.4	10.3	21.6	4.8	6	17.2	17.7	11	8.1	27.3	1,294
Arvin Industries	78/76	8	15.1	2.7	47.5	1.1	3	20.3	–2.5	4	27.5	–76.5	1,351
Masco Industries	52/56	9	14.5[a]	13.2	241.4	3.7	2	25.2	26.1	2	45.8[c]	–26.1	1,643
TRW	40/30	10	14.3	19.3	55.2	3.9	23	4.9	5.7		NM	20.6	7,010
Johnson Controls	49/52	11	13.8	13.6	41.9	3.3	5	19.0	15.8	14	3.1	28.6	3,100
SPX	86/NA	12	13.7	11.2	73.4	3.8	7	16.4	16.5	15	0.6	–7.7	854
Dana	79/81	13	12.7	15.9	152.8	2.9	11	10.5	21.4	6	16.9	26.5	4,774
Federal-Mogul	80/81	14	12.3	13.8	37.6	4.0	15	7.6	14.6	16	–10.7	500.0+	1,178
Lancaster Colony	41/39	15	10.5	16.0	36.9	4.5	21	5.3	6.6	17	–11.0	13.4	459
Barnes Group	NA/NA	16	10.2	16.1	61.0	4.0	26	0.1	9.8	13	7.9[c]	25.3	492
Danaher	48/46	17	9.8	35.8	224.7	5.1	1	146.1	23.4	1	112.4[c]	102.5	738
Wickes Cos	41/•	18	7.7[a]	0.7	115.5	0.4	14	8.4	–18.5	18	–21.5[d]	–94.1	3,595
Cummins Engine	•/•	19	6.4	def	54.7	def	10	11.4	20.5		NM	P-D	3,195
Allied-Signal	32/28	20	6.3	14.1	62.1	3.7	12	9.8	5.9		NM	–13.3	11,856
AO Smith	57/NA	21	5.6	4.7	46.8	1.5	20	5.6	2.5		NM	–38.2	989
Eagle-Picher Inds	40/38	22	5.0	20.4	42.6	5.7	22	5.2	14.3		NM	7.3	749
Handy & Harman	29/11	23	4.3	6.1	86.0	1.1	25	2.3	10.4		NM	D-P	650
Champion Spark Plug	•/•	24	4.0	4.0	4.1	1.9	27	0.1	–3.6		NM	–24.1	738
Allen Group	•/•	25	1.5	def	12.0	def	24	3.4	1.3		NM	D-D	374
Clark Equipment	28/78	26	def	5.8	49.4	1.7	17	6.5	22.1		NM	D-P	1,219
GM Hughes Electronics	31/58		NA	3.5	4.0	2.3	4	19.5	3.8	10	10.1[c]	20.0	10,761
Varity Corp	28/40		NA	22.8	105.8	3.5	28	–2.2	38.7		NM	D-P	2,170
Medians			**12.5**	**13.9**	**48.4**	**3.7**		**8.0**	**11.4**		**1.9**	**21.7**	
Recreational vehicles													
Fleetwood Enterprises	65/82	1	24.1%	16.1%	0.0%	3.6%	3	14.7%	12.5%	2	24.5%	22.3%	$1,470
Winnebago Industries	•/•	2	18.1	1.8	1.1	0.6	1	20.3	4.6	4	14.6	–85.9	425
Coachmen Industries	86/•	3	14.9	2.8	6.6	0.5	5	1.0	10.4		NM	64.7	399
Skyline	34/51	4	7.7	10.0	0.0	4.1	4	2.6	6.2	3	15.0	8.9	335
Harley-Davidson	•/•		NA	37.0	130.6	3.5	2	19.9	23.1	1	60.5[d]	49.1	727
Medians			**16.5**	**10.0**	**1.1**	**3.5**		**14.7**	**10.4**		**15.0**	**22.3**	

•90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

AUTOMOTIVE

What happens in 1989? Analysts, generally cautious, guess around 15 million units will be sold during the year, against the 15.7 million of 1988. If there is some downturn, Ford is the company best positioned to face it. Nearly a fifth of its cars are built on overtime (which would reduce the pain of layoffs in a downturn), and its new Thunderbird could be 1989's hot car. GM will be dribbling in new models all through the year, which means that most of them won't produce substantial profits until 1990, and Chrysler is eliminating seven models over a year, meaning its sales share may drop off.

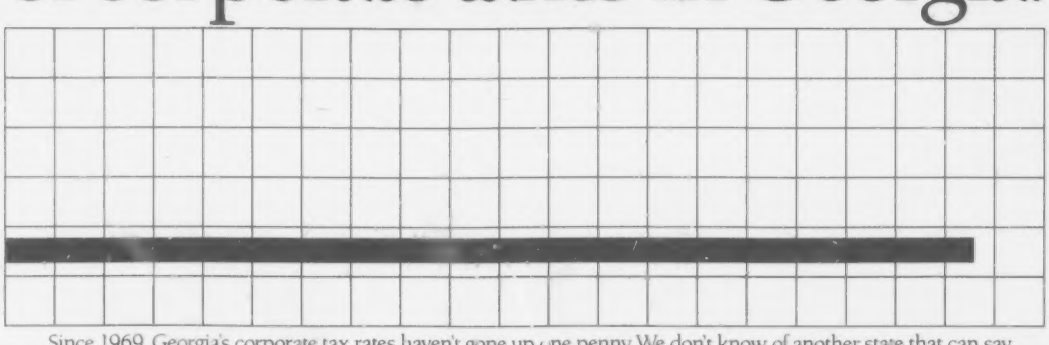
What makes the prospects look good for the U.S. companies is this: With the dollar working against them, foreign manufacturers have had to raise prices to the point where they may have to absorb most of any sales slippage that occurs next year.

Likely to remain popular, meanwhile, are pickups, vans and 4-wheelers. And coming this year are new items like GM's king-of the-hill Corvette ($30,000 and 185mph) and Ford's SHO Taurus (143mph for $20,000). With cars looking so good and going so fast, 1989 could turn out to be more buoyant for U.S. companies than even the automakers now think. ■

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Tire and rubber													
Bandag	•/•	1	30.7%	49.9%	5.1%	14.1%	2	7.7%	17.1%	1	19.5%	19.2%	$473
Goodyear	86/83	2	15.9	25.1	175.6	4.3	3	1.1	10.0	2	12.5	–7.8	10,608
Cooper Tire & Rubber	•/•	3	15.1	16.2	27.6	4.9	1	8.4	15.1	3	4.2	24.4	730
Medians			15.9	25.1	27.6	4.9		7.7	15.1		12.5	19.2	
Industry medians			14.3	14.4	44.3	3.7		8.4	11.7		8.1	20.1	
All-industry medians			13.9	14.1	45.7	4.9		9.5	11.6		3.9	18.4	

•90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

The rise and fall of corporate taxes in Georgia.



Since 1969, Georgia's corporate tax rates haven't gone up one penny. We don't know of another state that can say the same. And how many states do you know of that went to business and asked for guidance in restructuring their tax systems? Georgia did in 1971. The result was a zero-based budget that has allowed us to increase our quality of life every year–without raising corporate taxes.

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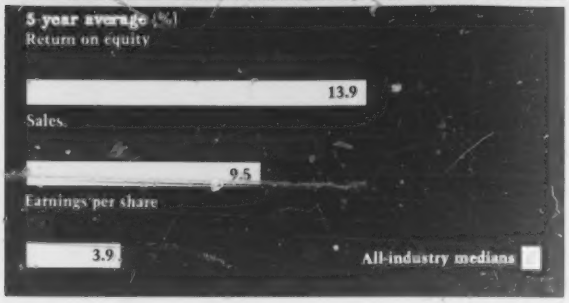

The profit statements were lovely last year, but how much trouble lurks in the loan portfolios? Plenty.

By Tatiana Pouschine

FOR THE NATION'S BIG money-center banks, which collectively account for 28% of the lending of all U.S. banks, earnings rebounded spectacularly after 1987's losses, and stock prices jumped 31%, or roughly three times the rate of gain experienced by the Standard & Poor's 500 stock index.

Running a big money-center bank, nevertheless, will not soon again be a graceful way to grow old. Over 40% of all

Yardsticks of management performance	Profitability					Growth					Sales
	Return on equity					Sales			Earnings per share		
Company	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Multinational												
JP Morgan & Co	1	14.3%	19.7%	57.4%	13.2%	7	1.2%	12.5%	1	–18.2%	500+%	$7,351
Bankers Trust NY	2	13.9	26.2	73.8	12.3	3	4.9	17.1	3	–51.2	D-P	6,050
Bank of Boston	3	12.6	11.7	84.1	4.0	2	9.6	20.3	2	–33.5	51.6	4,927
Irving Bank	4	6.4	8.1	53.8	3.2	9	–0.4	12.2		NM	500.0+	2,389
Chemical Banking	5	6.3	44.5	78.3	9.3	4	3.6	22.7		NM	D-P	7,461
Chase Manhattan	6	5.9	26.8	153.4	8.1	6	1.6	13.9		NM	D-P	11,621
Citicorp	7	4.1	def	255.7	5.8	1	9.7	13.8		NM	D-D	29,996
Manufacturers Hanover	8	2.9	27.5	276.2	6.9	5	1.7	8.1		NM	D-P	8,183
First Chicago	9	1.3	17.2	51.6	5.9	8	0.1	18.7		NM	D-P	4,749
BankAmerica	10	def	14.6	103.8	4.3	10	–6.3	–5.4		NM	D-P	9,749
Continental Illinois	11	def	def	60.2	def	11	–14.9	8.7		NM	D-D	2,899
Medians		**5.9**	**17.2**	**78.3**	**5.9**		**1.6**	**13.8**		**NM**	**NM**	
Northeast												
State Street Boston	1	19.8%	18.8%	25.4%	10.5%	6	10.9%	20.2%	2	11.9%	9.5%	$861
Fleet/Norstar Finl	2	17.4	14.6	77.3	8.6	2	18.9	13.0	5	6.5	–7.2	2,768
KeyCorp	3	15.8	12.2	48.2	7.2	1	31.0	23.0	3	10.1	–15.5	1,246
Shawmut National	4	15.7	14.7	45.6	8.2	4	13.2	18.9	4	8.9	26.1	2,697
BayBanks	5	15.6	16.7	9.4	9.5	5	12.3	19.3	1	13.4	16.8	879
Bank of New England	6	15.2	15.5	32.7	7.3	3	18.6	24.5	6	2.1	18.1	3,064
Bank of New York	7	15.1	17.4	46.7	8.9	8	7.4	14.3	7	0.4	106.0	2,292
Republic New York	8	13.5	12.1	98.3	7.2	7	7.7	28.4	8	–19.4	235.2	1,969
Medians		**15.6**	**15.1**	**46.2**	**8.4**		**12.7**	**19.8**		**7.7**	**17.4**	
Mid-Atlantic												
CoreStates Financial	1	20.4%	16.9%	56.3%	11.2%	6	13.5%	9.7%	5	11.2%	14.9%	$1,563
Sovran Financial	2	18.2	17.9	33.9	10.8	5	14.4	18.0	4	12.9	10.0	2,180
Midlantic	3	17.9	17.2	19.8	11.5	3	15.3	17.2	7	8.8	29.1	1,753
PNC Financial	4	17.3	16.5	15.2	10.0	2	15.7	64.7	9	7.4	0.2	3,495
Crestar Financial	5	16.2	13.4	26.1	7.7	8	12.9	10.2	10	4.1	17.6	990

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

Yardsticks of management performance	Profitability					Growth						Sales
	Return on equity					Sales			Earnings per share			
Company	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
United Jersey Banks	6	16.0%	16.5%	11.3%	11.4%	11	9.8%	30.8%	3	15.0%	8.0%	$964
Dominion Bankshares	7	15.7	15.5	25.3	9.4	4	14.5	23.2	1	18.1	1.4	853
Signet Banking	8	15.1	25.9	38.9	11.4	10	12.1	23.9	11	–2.7	364.3	1,239
Meridian Bancorp	9	15.0	12.0	17.3	8.7	1	19.7	38.2	8	8.8	–26.3	1,042
MNC Financial	10	14.7	17.6	36.0	8.7	7	12.9	26.3	2	15.3	18.3	1,888
First Fidelity Bncp	11	13.5[b]	11.2	33.0	6.5	9	12.1	16.0	12	–15.1[d]	–4.0	2,721
First Maryland Bncp	12	11.9	12.1	50.1	8.3	12	8.8	10.3	6	9.0	17.4	636
Riggs National	13	10.2	7.0	64.3	4.3	14	3.7	15.8	13	–34.6	79.3	531
Mellon Bank	14	def	def	152.1	def	13	7.5	–1.6		NM	D-D	3,181
First Pennsylvania	15	def	15.5	36.6	6.3	15	–2.6	9.1		NM	D-P	574
Medians		**15.1**	**15.5**	**33.9**	**8.7**		**12.9**	**17.2**		**8.8**	**14.9**	
North central												
Old Kent Financial	1	18.8%	17.6%	13.4%	11.3%	5	13.8%	19.1%	2	15.9%	16.2%	$623
First of America Bank	2	17.3	13.9	16.2	10.0	10	10.7	21.5	1	16.4	6.0	853
Banc One	3	16.9	18.5	17.2	12.7	6	13.4	33.0	3	13.6	42.6	2,523
Marshall & Ilsley	4	15.9	16.2	37.1	11.3	7	13.3	14.8	6	10.0	15.5	635
National City	5	15.5[b]	15.1	20.1	8.5	3	17.3	10.8	8	6.6[d]	17.4	2,136
Boatmen's Bancshares	6	15.3	12.2	22.9	9.4	1	32.7	3.8	12	2.8	–1.0	859
Indiana National	7	14.4	13.1	13.6	8.9	8	11.3	11.7	13	1.2	39.1	521
Society	8	14.2	15.1	27.2	10.3	4	17.2	8.5	4	13.0	10.2	940
Huntington Bcshs	9	13.3	13.7	27.7	8.2	9	10.8	14.1	10	4.9	15.0	857
Trustcorp	10	12.9	14.7	19.0	9.9	2	26.8	27.0	9	5.4	33.6	571
NBD Bancorp	11	12.5	16.3	27.5	10.3	12	8.3	11.1	5	12.2	34.5	2,096
Commerce Bcshs	12	12.4	13.4	18.0	10.3	14	6.4	2.8	11	4.7	25.5	465
First Bank System	13	12.3	11.4	98.4	6.5	13	7.4	–2.0	15	–8.4	160.7	2,407
Comerica	14	12.0	19.4	41.0	10.7	17	5.0	9.2	7	9.3	69.4	1,010
Manufacturers Natl	15	11.3	9.2	13.5	5.2	15	5.6	17.4	16	–16.7	–9.7	885
Mercantile Bancorp	16	9.6	2.8	28.2	1.7	18	3.8	2.4		NM	D-P	672
Michigan National	17	8.4	17.2	7.7	8.9	19	2.7	16.7		NM	34.0	1,011
AmeriTrust	18	8.3	12.0	28.8	8.8	11	9.6	11.8		NM	500.0+	1,015
Centerre Bancorp	19	7.3	7.1	30.5	4.7	22	–3.2	4.3	14	–7.8	35.8	513
First Wisconsin	20	7.2	16.8	33.3	8.7	16	5.2	12.2		NM	D-P	769
Norwest	21	5.7	19.4	168.4	8.4	20	1.6	2.5		NM	D-P	2,400
Northern Trust	22	3.2	6.4	36.0	3.4	21	1.0	18.7		NM	D-P	941
Medians		**12.5**	**14.3**	**27.3**	**8.9**		**8.9**	**11.8**		**3.7**	**34.3**	
Southeast												
First Union	1	23.4%	16.7%	34.3%	10.5%	2	19.1%	3.2%	1	19.6%	1.1%	$2,808
First Wachovia	2	19.0	16.7	12.4	11.4	11	8.3	11.7	7	12.5	15.6	1,948
Barnett Banks	3	18.5	16.9	27.9	8.8	1	23.7	17.9	3	14.7	21.3	2,513
SouthTrust	4	18.5	16.4	35.0	11.1	9	12.9	23.4	4	14.5	9.7	595
SunTrust Banks	5	17.4	18.0	28.6	10.8	8	13.0	11.9	5	13.8	17.8	2,791
Citizens & Southern	6	17.2	17.9	33.2	9.9	7	14.0	12.6	6	12.6	32.4	2,031
NCNB	7	16.3	13.3	25.9	7.4	3	19.1	16.6	11	6.8	–2.9	2,755
South Carolina Natl	8	16.0	15.3	15.3	10.2	4	16.7	11.9	2	16.4	6.4	533
Florida Natl Banks	9	15.9	8.3	25.9	5.1	6	15.0	13.8	10	7.2	54.3	744
AmSouth Bancorp	10	15.3	13.1	25.2	8.5	10	11.2	27.7	8	9.6	–17.1	761
First American	11	14.9	8.9	5.6	6.3	5	15.1	20.1	9	9.0	–30.1	669
First Tennessee Natl	12	14.6	11.9	36.2	6.8	12	7.3	8.0	12	5.7	–13.7	593
Southeast Banking	13	11.9	18.8	35.8	10.2	13	6.6	11.6	13	–4.5	500.0+	1,251
Medians		**16.3**	**16.4**	**27.9**	**9.9**		**14.0**	**12.6**		**12.5**	**9.7**	
South central												
Premier Bancorp	1	6.3%	def	23.7%	def	2	12.2%	–13.7%		NM	D-D	$397
MCorp	2	1.6	def	177.7	def	1	13.6	–7.1		NM	D-D	1,692
Texas American Bcshs	3	def	def	NE	def	3	0.5	–8.5		NM	D-D	482
Medians		**1.6**	**def**	**23.7**	**def**		**12.2**	**–8.5**		**NM**	**NM**	
Western												
Bancorp Hawaii	1	16.9%	20.3%	13.8%	13.1%	3	7.4%	17.6%	2	9.5%	39.4%	$557
Security Pacific	2	13.0	13.3	205.5	5.3	1	11.1	13.1	6	–55.0	116.9	8,145
US Bancorp	3	12.6	12.6	66.3	8.1	2	10.1	27.9	3	8.3	–1.1	1,330
Wells Fargo	4	11.8	20.4	119.8	10.2	4	7.4	7.3	4	–17.8	D-P	4,786
Union Bank	5	9.9	13.4	13.2	7.7	7	4.0	7.9	1	21.5	26.4	615

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multinational banking now involves doing business for fees or trading profits—investment banking, assisting in the sale of assets, foreign exchange and securities trading—rather than the simpler business of living off interest rate spreads.

The rewards in currency and exchange trading can be huge—as can the losses, of course. At Bankers Trust, for example, a record-breaking $258 million in foreign exchange profits in the last quarter of 1987 turned into $19 million of losses in the first quarter of this year.

For large and small banks 1989 holds at least two significant potential dangers: residential real estate and construction, which could be hard-hit in the next recession. Allerton Smith, an analyst with First Boston, notes that residential loans in the last five years have climbed to 40%, from 34%, of all loans. Among big lenders (over $5 billion in assets) with large exposures in construction loans: Riggs National, Signet, Bank of New England, Bank of Boston and Wells Fargo.

Some regional banks are already feeling the pinch. South

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Valley National		6	9.4%	2.8%	50.7%	1.5%	5	6.7%	5.3%		NM	88.6%	$1,126
United Banks of Colo		7	8.8	4.3	16.1	3.3	6	5.6	6.7		NM	D-P	557
First Interstate Bncp		8	6.4	def	156.5	def	8	3.2	11.4		NM	D-D	5,650
First Security		9	5.6	8.3	41.7	6.0	9	–0.3	–3.0	5	–20.5%	151.0	505
Medians			**9.9**	**12.6**	**50.7**	**6.0**		**6.7**	**7.9**		**–20.5**	**88.6**	
Thrift institutions													
CenTrust Savings Bank	●/●	1	150.6%[b]	6.7%	388.4%	4.1%	6	30.7%	28.0%	19	–79.5%[c]	D-P	$923
Western S&L	●/●	2	69.6	1.3	98.1	1.2	16	18.6	14.4	4	37.0[d]	–94.6%	676
Golden West Finl	●/●	3	39.2	16.4	63.9	9.7	31	11.3	3.8	8	23.8[d]	–23.5	1,338
Columbia S&L Assn	●/●	4	35.8	1.1	90.3	1.2	1	61.9	–2.1	11	17.1	–95.0	1,205
American Continental	69/86	5	34.3	41.2	500.0+	def	10	24.1	–4.8	14	10.6	123.7	696
Homestead Financial	●/●	6	31.8	def	480.3	def	4	44.3	–10.3	10	17.4	P-D	475
Fin Cp Santa Barbara	●/●	7	27.3	5.6	500.0+	0.6	23	15.9	4.9		NM	–68.9	489
Fuqua Industries	33/32	8	25.0	35.0	70.9	12.7	39	3.1	20.6	12	14.3	147.9	904
First Federal Mich	●/●	9	20.8[b]	4.9	33.8	1.7	15	19.8	–8.0	13	14.0[d]	–74.6	1,113
CityFed Financial	●/●	10	18.8	def	159.2	0.2	24	15.6	–12.2	18	–30.0	D-D	1,036
Kinder-Care	NA/NA	11	18.2	10.1	169.6	4.5	5	34.4	64.1	9	19.2	–11.4	779
HF Ahmanson	●/●	12	15.7	10.3	48.6	5.6	35	7.2	20.9	5	30.8[d]	–27.0	3,253
Gt Western Financial	71/●	13	14.9	10.4	55.6	6.6	12	23.4	–28.4	7	27.0[d]	–32.5	3,044
Southwest Gas	29/NA	14	14.8	13.8	116.1	8.0	37	4.7	18.9	15	9.2	16.0	524
Pinnacle West	33/NA	15	13.9	8.2	121.7	13.3	36	4.9	8.2	16	–1.0	–30.4	1,404
CalFed	87/●	16	13.6[b]	11.6	15.9	5.4	22	16.0	14.9	1	74.0	–13.0	2,757
Washington Mutual	●/●	17	13.3[b]	11.0	83.0	6.2	26	14.7	7.0		NM	–57.1	564
Gt Am First Savings	●/●	18	12.5[b]	6.6	134.8	2.8	9	25.4	8.3	3	51.1[d]	–61.0	1,511
Home Federal S&L	●/●	19	12.3[b]	12.4	47.1	7.2	25	15.0	23.5	6	27.1[d]	6.2	1,491
GlenFed	●/●	20	10.4[a]	15.5	54.6	6.3	13	22.4	11.1	2	66.4[c]	23.7	2,404
Gibraltar Financial	●/●	21	8.8	def	171.2	def	19	16.8	44.3		NM	D-D	1,457
American Capital	●/●	22	7.5[b]	def	500.0+	0.5	3	52.9[c]	12.6		NM	P-D	605
Northeast Savings FA	●/●	23	6.4[b]	def	89.8	def	17	18.0	19.1		NM	P-D	692
Imperial Corp of Am	●/●	24	5.6	15.0	500.0+	3.6	20	16.2	4.6		NM	–23.7	1,123
Atlantic Financial	●/●	25	4.7[b]	6.4	159.2	1.6	7	28.2	14.9		NM	D-P	764
Florida Federal S&L	●/●	26	def[b]	def	153.1	def	30	11.9	–8.7		NM	D-D	459
Meritor Financial	●/●	27	def[b]	def	236.2	def	27	14.5	–6.0		NM	D-D	1,681
United Financial	●/●	28	def	NE	NE	def	8	25.4	–21.2		NM	D-D	535
AmeriFirst Bank	●/●		NA	def	129.6	def	40	0.4	4.9		NM	P-D	428
Anchor Savings Bank	●/●		NA	def	40.3	def	11	23.5	4.9		NA	NA	724
Benj Franklin S&L	●/●		NA	8.7	64.8	2.8	38	3.5[d]	11.8		NM	NA	514
Coast S&L Assn	●/●		NA	11.3	71.0	3.9	18	17.5	29.2		NM	–7.0	1,292
Commercial Federal	●/●		NA	1.1	69.5	0.3	14	20.0	35.1		NA	–92.0	594
CrossLand Savings FSB	●/●		NA	12.6	43.1	8.0	32	11.3	32.4	17	–2.3[c]	–18.0	1,307
Dime Savings Bank FSB	●/●		NA	8.1	66.2	5.0	33	10.1	22.1		NM	NA	1,053
Empire of America	●/●		NA	def	284.8	def	21	16.1	8.0		NM	D-D	1,057
Goldome	●/●		NA	def	1.1	def	28	13.9	1.1		NA	NA	1,421
People's Bank	●/●		NA	0.0	0.0	5.7	34	8.2[d]	7.1		NA	NA	557
Standard Fedl Bank	●/●		NA	16.3	0.7	6.8	2	54.5	6.3		NM	NA	848
Talman Home Federal	●/●		NA	8.5	9.7	4.7	41	–6.6	0.4		NA	NA	539
TCF Financial	●/●		NA	def	17.9	def	29	12.9	–0.8		NM	P-D	578
Medians			**14.4**	**6.6**	**83.0**	**2.8**		**16.1**	**8.0**		**–54.8**	**–59.1**	
Industry medians			**13.9**	**12.5**	**41.3**	**6.8**		**12.1**	**12.2**		**1.2**	**15.0**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

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central and northeast regionals showed a decreasing or negative 12-month return on equity during 1988, largely because of real estate problems. Overbuilding of condominiums in Boston and of office space in Connecticut hurt New England lenders. The Southwest continues to suffer from plunging real estate prices, caused by the energy collapse.

The time bomb still ticks in the savings and loan situation. About 500 thrifts are already technically insolvent, representing $300 billion in assets. To bail them out, Congress must raise between $50 billion and $100 billion. Unfortunately, while Congress drags its feet, the thrifts dig themselves in even deeper. Expect some major debates about who will pay: the taxpayer, the healthy thrifts or commercial banks.

Meanwhile, for the banking system, despite the rosy profits, questions remain about the underlying assets. In Texas last year, seemingly sound banks turned out to be insolvent upon closer examination. Are there other First RepublicBanks in the U.S. banking system? One can't be sure. ■

Selling your problem to others

Frank Cahouet, 56, accepted a tough assignment when he agreed to chair Pittsburgh-based Mellon Bank in June 1987. His most urgent problem: a rapidly growing bad loan portfolio that already exceeded 8% of total loans. Only two other banks among Mellon's 24 superregional peers looked worse: Texas-based MCorp and now defunct First RepublicBank.

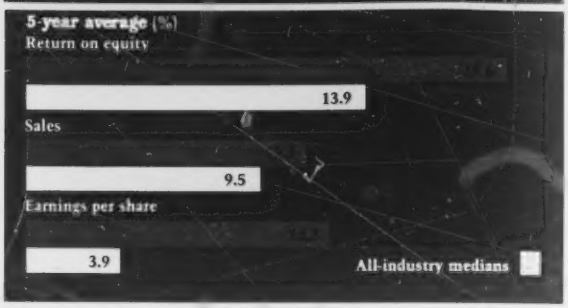
Cahouet, who learned his banking at Security Pacific, took a novel approach. To rid Mellon's balance sheet of its problem loans fast, Cahouet in effect simply "sold" them. Altogether he marked down almost $1 billion in largely nonperforming real estate and energy loans to $577 million, and used them to create the portfolio of a new bank to be known as Grant Street National Bank. Grant Street will liquidate itself as it collects on or sells the assets acquired from Mellon. Mellon, meanwhile, remains a smaller but healthier institution, with problem loans down to 4.4% of total loans (versus 4.3% average for comparable banks). Now Cahouet plans to focus on Mellon's strengths, among them consumer and middle-market lending, trust work ($60 billion in assets under management), data processing and investment banking.

Investors, angry at an 89% stock dilution that resulted from a recapitalization plan as part of the spinoff, have punished Mellon's stock. Since July the stock fell from over 32 to its recent 25. But Cahouet is confident that 1988 losses ($166 million through the first nine months) will be transformed into the $240 million to $260 million in profits projected by analysts for 1989. Even if he's half right, Mellon is clearly turning around.

Mark Seliger

Mellon Bank Chairman Frank Cahouet

BEVERAGES AND TOBACCO



By and large, Americans are a sober lot. They greatly prefer soft drinks to beer.

By Edward Giltenan

POWERFUL BRAND NAMES make the companies on this list some of the most impressive cash machines in business. In the 12 months ended in September, they chalked up a 19.7% return on equity, almost six percentage points better than all the companies in this annual survey.

Ironic, isn't it? Tobacco companies are punished with bans on smoking in public places, litigation and a relentless barrage of antismoking publicity. And what happens? Their profits stay sky-high, enabling them to diversify against the possibility that they may one day be out of business. Philip Morris, the tobacco industry leader with 39% of the market,

Yardsticks of management performance		Profitability					Growth					Sales
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Alcoholic beverages													
Anheuser-Busch Cos	77/●	1	20.5%	24.1%	44.9%	8.0%	2	11.3%	7.8%	1	15.6%	20.2%	$8,779
Brown-Forman	67/77	2	18.8	18.8	41.6	10.8	1	14.6	–3.8	3	3.9	18.3	1,047
Seagram	●/●	3	12.3	13.3	44.9	18.2	3	9.3	24.2	2	12.3	28.7	3,258
Adolph Coors	84/●	4	6.7	4.7	0.0	3.3	4	7.6	9.6	4	–1.3	–0.8	1,461
Medians			**15.5**	**16.1**	**43.3**	**9.4**		**10.3**	**8.7**		**8.1**	**19.2**	
Soft drinks													
General Cinema	65/84	1	34.1%	19.7%	133.1%	5.0%	4	3.1%	96.5%	4	8.5%	–10.5%	$2,040
Coca-Cola	81/●	2	25.2	31.4	28.8	12.1	3	5.3	6.2	3	15.1	–0.4	8,303
PepsiCo	36/32	3	22.4	28.5	84.5	5.9	2	7.9	10.3	1	25.0	28.0	12,290
Coca-Cola Enterprises	●/●		NA	6.7	122.0	2.9	1	41.6	12.7	2	17.2	55.3	3,758
Medians			**25.2**	**24.1**	**103.2**	**5.4**		**6.6**	**11.5**		**16.1**	**13.8**	
Tobacco													
UST Inc	84/●	1	31.8%	37.4%	6.6%	25.9%	5	11.6%	10.2%	4	16.7%	28.3%	$604
Philip Morris Cos	66/80	2	28.4	33.2	70.9	9.3	1	22.1	8.0	3	20.6	31.2	24,250
Loews	15/34	3	23.9	28.7	36.6	9.2	2	16.6	16.3	2	28.2	90.6	10,151
RJR Nabisco	40/67	4	21.2	22.9	95.3	8.1	4	12.9	5.2	5	11.3	17.4	16,657
Universal	50/71	5	18.7	18.0	23.6	2.4	7	8.2	15.7	6	10.5	2.9	2,570
American Brands	46/75	6	18.6	22.3	89.9	9.2	8	4.9	17.2	8	4.5	38.4	6,640
Dibrell Brothers	66/81	7	17.9	19.0	132.1	2.0	9	–4.2	64.0		NM	D-P	565
Culbro	NA/NA	8	14.1	6.3	67.4	1.1	3	14.7	10.3	1	34.2	–70.2	843
Std Commercial	51/60	9	12.4	7.3	31.7	1.3	6	11.3	21.5	7	6.3	–19.3	822
Medians			**18.7**	**22.3**	**67.4**	**8.1**		**11.6**	**15.7**		**11.3**	**28.3**	
Industry medians			**19.6**	**19.7**	**44.9**	**8.0**		**11.3**	**10.3**		**12.3**	**20.2**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

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BEVERAGES AND TOBACCO

bought Kraft for $13 billion. The move adds established names like Philadelphia cream cheese and Velveeta cheese spread to a brand name lineup that includes Miller beer and Marlboro cigarettes. Big question: Can the tobacco giant get better results from Kraft than it has from General Foods?

The U.S. is still the most profitable cigarette market in the world, but hope for volume growth lies overseas. American-made cigarettes are thriving in recently opened foreign markets like Japan, Taiwan and Hong Kong. Domestic volume will fall another 3% this year, maybe more if excise taxes rise.

Ex-smokers certainly weren't drowning their withdrawal symptoms in beer. Production last year stayed flat at about 190 million barrels. And American brewers don't have overseas markets to look to for growth because there they face entrenched local competition. Domestic market share, then, is essential. Anheuser-Busch still dominates with a 40% share, its grip as tight as ever.

Last year's hot product was draft beer in a bottle. Philip Morris' Miller brewing unit's Genuine Draft led the way. Adolph Coors renamed its Banquet brand to Coors Original Draft. But the new products seem to merely cannibalize the older products, and volume will probably remain flat in 1989. It could decline if excise taxes are hiked.

Soft drinks clearly remain the favorite drink for Americans; by 1990 they will represent a quarter of all the beverages we consume. The average American now downs about 44 gallons of the stuff each year. Domestic growth of soft drinks last year was 5%, to almost 5 billion cases, sparked by price wars between Coca-Cola and PepsiCo. Together these two giants control 90% of the cola market, which accounts for 65% of the entire soft drink business. With raw material costs on the rise again, there may be less discounting this year. But prices could stay relatively stable, especially if the two soda giants continue to buy bottlers. Thus the big two should have little trouble maintaining profit margins even in the face of rising costs. ■

Break up or build up?

Tell William Alley that American Brands is a popular breakup candidate and he shrugs: "If I spent my time worrying about that, I wouldn't be doing my job." Make no mistake, though: Bill Alley worries a lot about keeping his company independent at a time when similar companies are falling to predators. When Donald Kelly's E-II Holdings made a run at American Brands last winter, Alley counterattacked and took over E-II. He then folded E-II's hardware and office product businesses into existing American Brands divisions, and unloaded the rest of the company on Meshulam Riklis.

But while fending off raiders, Alley has not lost sight of his primary strategy: focusing the company on office products, insurance and spirits. And reviving its moribund tobacco business.

Once the country's top cigarette maker back in the days when unfiltered Lucky Strikes were a major brand, American Brands now holds just 7.2% of the market. But under Alley last year, it increased market share for the first time in recent memory.

Gary Sigman

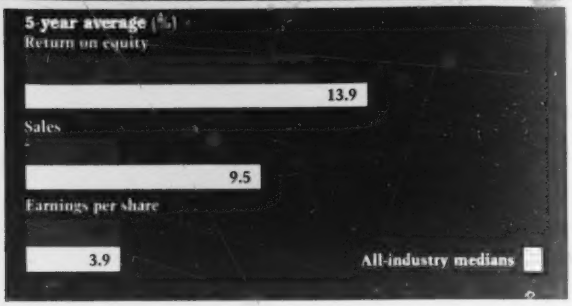
William Alley of American Brands

Malibu became one of the top low-priced brands. American Lights were a hit in Japan. American Brands' Gallaher subsidiary is now the top cigarette manufacturer in Britain, increasing its market share to 40%. More important, Alley supported his brands by doubling domestic media advertising in the first half of 1988.

Alley, a former insurance salesman, is concentrating on markets he can dominate. For instance, American Brands now sells 5 of the top 20 brands of liquor, including Gilbey's gin, Jim Beam bourbon, Windsor Canadian Supreme Whisky and DeKuyper cordials.

At 56, or 9 times estimated 1989 earnings of about $6.10 a share, the company's stock looks cheap against the market as a whole. This is a company that has plenty of room to improve. Bill Alley may be just the man to get it moving. If he fails, there are still plenty of predators willing to take a shot.

CHEMICALS



This year the chemicals won't show the large gains they did in 1988, but 1989 still looks like yet another good year.

By Ruth Simon

FOR MAKERS OF COMMODITY CHEMICALS, 1988 was the year everything went right. Prices on oil, one of their key raw materials, were lower, while strong demand boosted operating rates to 86% of capacity, the highest level since 1973. Some chemical plants were running flat out at 100% of capacity, giving producers plenty of room to push through price increases. Says Chemical Manufacturers Association economist Allen Lenz: "This was a vintage year."

Industrywide, earnings jumped more than 40%, according to Leonard Bogner, Prudential-Bache senior chemical analyst. That allowed many chemical makers to top their strong performances of the previous two years. Standouts included Dow Chemical, whose earnings for the full year should double, and Quantum Chemical, which should post a 260% gain for the year, based on continuing operations. Many specialty makers also posted solid returns.

Not as many big chemical operations went on the block as in 1987, but those that did fetched hefty prices. General Electric paid over $2 billion for Borg-Warner's plastics subsidiary, about 12 times free cash flow. Occidental Petroleum shelled out more than $2 billion in cash and debt assumption for privately owned Cain Chemical, giving dealmaker Gordon Cain an astounding $100 million profit on a mere $2 million initial investment. The spate of new public offerings begun in 1987 also continued in 1988, adding Rexene, Sterling Chemicals and IMC Fertilizer Group to our list.

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Diversified													
Valspar	•/•	1	21.1%	21.9%	50.0%	3.9%	1	26.2%	17.5%	6	17.1%	6.6%	$484
Hercules	43/56	2	19.8	7.5	21.2	5.5	12	1.2	2.9	2	34.5	–76.6	2,731
A Schulman	•/•	3	19.5	22.1	6.6	4.6	3	12.4	28.9	5	18.1	39.8	598
Rohm & Haas	•/•	4	17.2	21.4	27.7	9.1	8	3.6	15.5	7	15.3	23.4	2,472
FMC	47/70	5	14.5[b]	NE	NE	3.0	15	–2.9	6.5	1	42.2	–40.2	3,261
Univar	•/•	6	12.7	15.3	108.6	1.2	2	16.9	23.8	10	–12.1	134.7	1,220
American Cyanamid	47/41	7	12.1	16.2	26.5	6.7	11	3.1	10.4	8	12.7	15.6	4,514
El du Pont de Nemours	43/68	8	11.6	15.1	20.6	6.6	13	0.0	11.0	9	12.2	27.3	32,249
Dow Chemical	41/40	9	11.5	36.9	47.1	13.3	10	3.5	27.1	4	22.6	103.6	15,980
Union Carbide	89/•	10	10.5	41.0	205.5	6.5	17	–6.8	20.5		NM	180.4	8,030
Quantum Chemical	73/75	11	10.3	35.6	165.7	11.1	5	4.4	32.0	3	24.2	83.1	3,122
Monsanto	68/•	12	8.6	15.6	36.5	7.1	9	3.5	12.2		NM	54.8	8,258
Pennwalt	74/74	13	7.4	10.7	41.8	4.8	6	3.7	–5.4		NM	12.9	1,061
Olin	64/54	14	4.6	13.7	57.4	4.3	14	–0.7	19.3		NM	43.4	2,188
BF Goodrich	80/•	15	def	17.7	30.8	7.3	16	–6.6	13.1		NM	120.1	2,366
Aristech Chemical	•/•		NA	41.6	31.0	14.4	4	5.8	22.9		NA	160.2	1,049
Henley Manufacturing	77/78		NA	0.0	0.0	7.2	7	3.6	3.5		NA	NA	636
Medians			**11.6**	**16.2**	**31.0**	**6.6**		**3.5**	**15.5**		**12.7**	**41.6**	

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Earnings aren't likely to continue to grow at last year's torrid pace, but many chemical makers are betting that the current cycle isn't over yet. "We're taking considerable momentum into the new year," says Dow President Frank Popoff. He believes that the restructuring of the mid-1980s has left chemical makers better positioned to maintain their profitability than they were a decade ago, when earnings gains were short-lived. The health of domestic manufacturers is also a plus: They now account for 50% of industry sales.

Recession fears aside, the biggest threat to chemical makers' prosperity is their penchant for overbuilding during periods of strong demand. Dow, Quantum and Phillips Petroleum have announced new ethylene plants, and other companies are considering new facilities as well. Not all the plants under consideration will materialize, and those that do aren't likely to begin producing for at least three years. But the chemical industry could pay for some of its current prosperity when these new operations start up in 1992. ■

Hitting the buzz saw

For St. Paul's H.B. Fuller Co., 1988 was the year the music stopped. "We had 11 or 12 just glorious quarters," says Tony Andersen, president of the $685 million (sales) maker of adhesives, sealants and coatings. "Then we hit the buzz saw of increasing raw material costs." Result: Fuller's stock lost nearly one-third of its value in just one week when it reported lower second-quarter earnings. For the fiscal year ended Nov. 30, earnings fell 14%, to an estimated $2.30 per share. But Fuller's troubles shouldn't last long. Look for earnings to pick up later this year as raw material prices begin to flatten.

Much of Fuller's trouble can be traced to ethylene, which jumped from 18 cents per pound in the fall of 1987 to a recent price of 34 cents per pound. That was good news for many chemical makers, but not Fuller. Polyvinyl alcohol and other ethylene derivatives account for 40% of its raw material costs, and the company had trouble passing higher prices to its customers.

Another problem was Latin America, normally the source of 30% of profits. Fuller bought a Panamanian paint plant in March, one month before President Reagan attempted to oust Panamanian General Manuel Noriega. The plant's output plummeted 75% as Panama's economy unraveled, costing Fuller $1.5 million.

Fuller isn't out of the doghouse yet, but this year looks brighter. "Ethylene costs should start to moderate sometime in late 1989," says Smith Barney chemical analyst James Wilbur, who figures Fuller should earn $2.60 per share in fiscal 1989. Also helping out will be higher operating rates in Panama.

Andersen is optimistic. "We're confident we'll have a good year next year," he says, "assuming no other things happen to the world."

Layne Kennedy

H.B. Fuller's Tony Andersen

Yardsticks of management performance		Profitability					Growth					Sales
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Specialized													
Himont	●/●	1	26.3%[b]	30.6%	4.4%	20.7%	11	8.3%[c]	48.0%	1	28.5%[c]	42.8	$1,597
Morton Thiokol	53/72	2	20.4	15.8	15.6	6.6	4	16.4	18.2	16	3.9	9.5	2,414
Intl Flavors & Frags	●/●	3	20.1	19.1	0.0	15.1	8	10.5	17.6	11	9.2	22.8	838
Nalco Chemical	●/●	4	20.0	22.3	19.2	10.4	19	5.0	20.3	15	3.9	35.1	963
Great Lakes Chemical	●/●	5	19.6	23.8	3.6	17.0	2	18.8	30.1	7	16.9	93.2	549
Vista Chemical	●/●	6	19.6[a]	72.2	151.1	15.9	16	5.0	28.3		NM	D-P	781
Sherwin-Williams	35/56	7	18.7	18.4	14.6	5.3	29	–2.3	10.1	4	18.6	–8.0	1,909
Ethyl	45/60	8	17.8	23.6	55.6	11.5	25	–0.2	19.9	2	23.3	24.8	1,967
Loctite	●/●	9	17.6	23.3	19.2	10.5	10	8.4	18.9	8	14.7	35.6	429
Vulcan Materials	32/17	10	16.8	24.3	10.0	13.4	17	5.0	0.2	6	18.2	36.3	1,032
Freeport-McMoRan	57/33	11	16.5	31.9	90.6	16.8	9	9.4[d]	26.6	13	8.4	37.8	1,843
Witco	●/●	12	16.0	10.8	43.9	4.1	24	1.0	13.4	9	11.5	–4.5	1,570
HB Fuller	●/●	13	15.7	14.4	56.4	3.6	7	10.9	12.6	3	19.5	–0.8	657
Dexter	50/42	14	15.3	12.8	31.1	4.6	12	7.3	10.7	14	8.1	–6.8	825
GAF	52/82	15	15.0	16.8	83.6	9.4	18	5.0	16.7		NM	10.8	946

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Yardsticks of management performance		Profitability					Growth					Sales
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Lubrizol	●/●	16	14.0%	11.3%	8.8%	6.4%	15	5.4%	10.0%	12	9.1%	–13.0%	$1,092
Engelhard	29/80	17	11.7	7.8	16.2	2.4	22	3.4	–2.8	19	–3.1	–24.1	2,384
DeSoto	77/71	18	11.5	3.0	47.7	0.8	21	3.7	–1.0	18	–1.9	–72.6	382
Tyler	40/55	19	11.2	13.5	334.9	3.2	23	3.3	–25.9	17	2.7	105.9	780
Air Prods & Chems	●/●	20	10.6	18.9	50.1	8.8	14	6.4	13.9	21	–18.4	37.8	2,432
NCH Corp	NA/NA	21	10.5	18.6	12.5	6.2	20	4.5	15.5	10	9.7	49.2	515
Ferro	●/●	22	10.2	16.9	22.9	4.5	13	7.0	18.7	5	18.2	48.4	981
Whittaker	42/40	23	9.4	12.6	19.9	4.9	35	–27.5	13.8		NM	–6.6	480
Cabot	56/●	24	6.4	10.6	52.0	3.7	31	–3.6	17.7		NM	59.9	1,677
Occidental Petroleum	17/34	25	6.1	5.7	117.3	1.8	30	–2.9	9.8	20	–3.2	90.3	18,522
UGI	28/DP	26	3.8	14.2	54.4	7.8	34	–10.3	0.8		NM	31.2	423
Intl Minerals & Chem	72/61	27	1.8	10.6	34.9	8.3	27	–1.0	–26.6		NM	197.4	1,264
WR Grace	62/82	28	1.8	13.5	117.5	3.6	33	–9.1	27.4		NM	D-P	5,439
Great American Mgmt	42/49	29	1.7	4.3	359.4	0.7	1	71.6	65.5		NM	500.0+	1,223
CBI Industries	42/●	30	def	3.3	74.9	1.9	5	12.4[d]	1.3		NM	215.4	1,335
MA Hanna	59/38	31	def	23.0	36.3	8.0	3	16.8	273.8		NM	D-P	997
NL Industries	63/●	32	def	NE	45.7	5.2	32	–7.1	13.8		NM	D-D	1,492
Georgia Gulf	●/●		NA	112.3	16.6	17.8	6	11.2	50.5		NM	NA	164.1	979
IMC Fertilizer Group	●/●		NA	NA	65.0	10.2	28	–2.0[d]	21.3		NM	353.7	1,128
Rexene	●/●		NA	0.0	82.3	22.4	26	–0.3[d]	NA		NA	NA	683
Sterling Chemicals	●/●		NA	276.0	223.2	30.6		NA	69.2		NA	212.3	699
Medians			**12.9**	**15.8**	**44.8**	**7.2**		**5.0**	**16.7**		**2.7**	**37.8**	
Industry medians			**11.7**	**16.0**	**36.5**	**6.6**		**3.7**	**16.1**		**3.9**	**37.8**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

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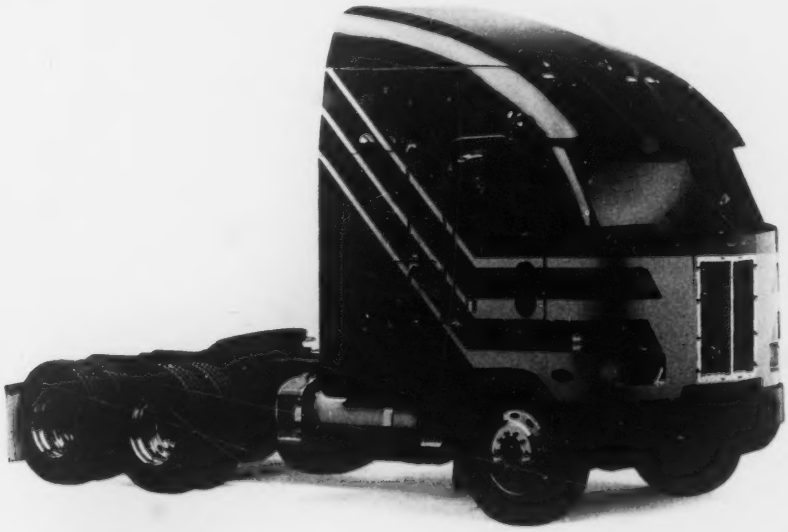
WHEN COMPROMISE IS OUT OF THE QUESTION



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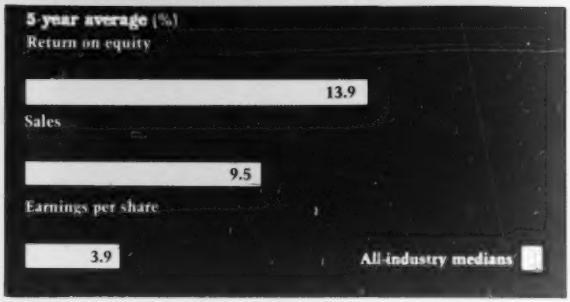


Production is up, demand is flat. Is it any wonder that the coal industry is diversifying? Diversification is where it's at.

By Kerry Hannon

FEW COMPANIES SEEM LESS dependent on the strength of the nation's coal industry than the companies on this list. Their coal-related operations in nearly all cases constituted only a fraction of overall revenues, and in most cases amounted to low-profit operations during the year. Where these companies turned profits, the earnings growth came from elsewhere.

Last year U.S. coal production topped 940 million tons, a record. But even record-breaking summer temperatures, which pushed up power consumption by air conditioners, together with an uptick in the steel industry, couldn't create enough demand to lift prices. Result: They remained soft, at around $22 a ton, down about 3% from 1987.

This year will be no better. Electric utilities, which account for nearly 90% of U.S. coal consumption, are expected to reduce their coal use by about 1.4% in 1989, partly because six new nuclear plants, some of them under construction for more than a decade, finally came on line in 1988. With steel mills becoming more efficient, demand for coking coal is likely to remain flat even if demand for steel is strong.

It's no surprise, then, that coal companies have turned to noncoal businesses for earnings. Last spring Nacco, which already has Yale, the fork-lift-truck producer, bought appliance maker WearEver-ProctorSilex for $105 million. WearEver is expected to add $1 a share to earnings.

Other companies are also diversifying. Cyprus Minerals recently bought Inspiration Resources' U.S. copper operations and a Spanish talc (magnesium silicate) producer. As a result, cash flow per share was expected to double, to $6.45, last year and net income to quadruple, to $115 million. The reason? Simple: high metals prices.

Similarly, PacifiCorp, which owns 90% of Nerco, the ninth-largest U.S. coal producer, profited from investments in electric utilities and its growing gold assets, valued at around $464 million. Montana Power continues to benefit mostly from its gas and electric utility business, servicing three-quarters of Montana.

Pittston (1988 estimated revenues, $1.5 billion) was able to

Yardsticks of management performance		Profitability					Growth					Sales
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Coal													
Nacco Industries	55/86	1	22.3%	20.0%	103.8%	7.1%	4	3.2%	14.5%	1	20.5%	16.8%	$584
PacifiCorp	21/NA	2	15.9	15.1	93.0	13.1	1	9.0	2.5	2	0.9	6.8	2,227
Montana Power	32/33	3	11.8	9.4	63.6	10.4	2	7.1	10.8	3	–7.1	30.0	720
Westmoreland Coal	88/●	4	def	def	68.0	def	5	0.7	–6.9		NM	P-D	580
Pittston	39/●	5	def	def	17.1	def	7	–8.4	24.1		NM	P-D	1,557
Cyprus Minerals	44/46	6	def[a]	13.0	10.7	10.0	3	6.7	50.7		NM	441.8	1,144
AMAX	20/PD	7	def	22.3	83.1	7.4	6	–0.8	33.3		NM	38.2	3,858
Industry medians			**def**	**13.0**	**68.0**	**7.4**		**3.2**	**14.5**		**NM**	**16.8**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

double its coal profits, to $30 million, last year because of increased demand from the steel industry, but any softening in steel production will simply make the contributions from two fast-growing subsidiaries all the more important. Pittston's air freight business, Burlington Air Express, acquired in 1982, now accounts for around 50% of revenues, and Brink's armored services, acquired in the early 1960s, has been enjoying steady growth. Operating earnings should reach $25 million this year, up from $1.7 million in 1984.

Finally, Westmoreland, the only pure coal play in this industry, is just nearing the break-even point. Low production costs have helped the firm grow stronger, but with coal prices weak, earnings recovery has been slow, and will likely remain so. ■

Luck and mettle

Geologist Allen Born, 55, remembers all too clearly June 1985, when he left his position as chairman of Canada's Placer Development Ltd. to take the reins of ailing mining giant Amax Inc. Within months of his arrival, the Connecticut-based company was reporting fiscal 1985 losses of a staggering $621 million on sales of only $1.2 billion. The cause? Plunging prices for molybdenum, an Amax mainstay, as well as continuing losses from a series of disappointing diversification moves by Born's predecessor, Pierre Gousseland.

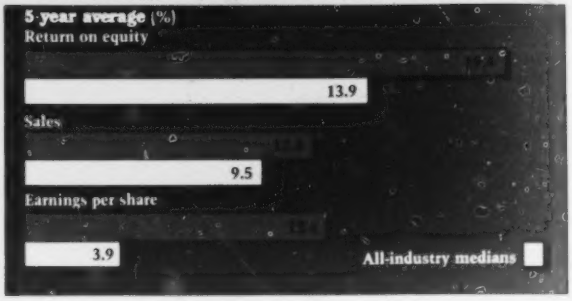
But Born showed his mettle, undertaking a restructuring that in fiscal 1988 will show a dramatic 63.5% rise in profitability over 1987, with earnings of $700 million on sales of $3.9 billion. Gone are bleeding businesses like copper, lead mining, phosphate and nickel refining, and even much of the company's molybdenum business. Remaining are coal, aluminum and gold.

What accounts for the recovery? Partly, Amax is simply benefiting from improving commodities prices, which have been recovering since 1987. But Born also deserves credit for investing wisely to capitalize on this trend. Specifically, his 1987 decision to spend $435 million to acquire full control of Alumax, the country's third-largest aluminum producer, has since given Amax an earnings flow-through that has nearly repaid the investment. Moreover, with aluminum prices now at around double their 1987 levels, Alumax is expected to account for almost 70% of Amax' overall earnings for 1988.

Amax' long-term debt, a towering $2.4 billion shortly after Born took over, has since been cut in half and now stands at $1.1 billion. Cash flow, meanwhile, has quadrupled. Amax' return on equity for the last 12 months, 22.3%, is well above the coal industry average of 13%. Given even moderately higher demand for aluminum, along with a steady stream of earnings from the company's coal business, earnings should grow well into the 1990s.

Allen Born of Amax Larry Barns

COMMUNICATIONS MEDIA



For much of the 1980s this was the place to be. But for how much longer?

By Lisa Gubern

OWNING A TELEVISION NETWORK used to be a license to print money. No longer. Faced with a slow-growing economy and competition coming from everywhere for advertising dollars, the networks in 1988 lost whatever luster may have lingered from earlier times. In 1988 headaches included the writers' strike, disappointing advertising revenues and one ratings flop after another. Says First Boston & Co. media analyst Richard MacDonald, "Even with the Olympics and election spending, business was disappointing, which means the underlying situation is really tough."

With viewership waning (the total network Nielsen share dropped from 47.7 in the 1986-87 season to 43.1 last year), little surprise that the price of network affiliate stations has finally peaked. Through the first nine months of 1988 the average price for a network affiliate station dropped to $23.96 million from $67.55 million in 1987. The reason? "The more valuable VHF stations are not selling at the prices asked," says Bishop Cheen, an analyst with Paul Kagan Associates.

Cable TV prices also seem to have peaked. In August, Middleburg, Va. businessman Jack Kent Cooke announced that he was putting up for sale Cooke CableVision, a 700,000-subscriber network that he had bought for $1,800 per subscriber only a year and a half before. But his asking price—

Turnaround Ted

Barely a year ago it looked as if Ted Turner had had it. The litany of his disasters seemed unending: the unsuccessful fight for CBS, the bungled bid for MGM/UA Communications, his quixotic efforts at international diplomacy through sports programming. Small wonder his Turner Broadcasting System, Inc. had wound up with $1.4 billion in long-term debt, 93% of his total capitalization.

Was Turner finished? FORBES thought not. In September we wrote that, while his onetime absolute control of Turner Broadcasting had been diluted, the enterprise itself was in a powerful position. Events proved us right. Although Turner's outfit is still running in the red, reporting a loss of $2.54 per share for the first three quarters of 1988, he has cut losses by nearly one-third, running ahead of even the most optimistic analysts' projections.

How is he slowing the flow of red ink? Cable News Network and Superstation TBS have helped a lot. Moreover, the much-derided purchase of the MGM library is proving a boon, thanks to domestic and foreign syndication sales. In the third quarter, the syndication and licensing segment of TBS posted a 57% increase in revenue, resulting in a $6 million operating profit, compared with a $7 million loss for the same period the year before.

Just as important, the film library is providing programming for the newly launched Turner Network Television cable network. The basic network offers old movies, old miniseries and original productions. The network was launched with 17 million subscribers and remains far ahead of even the most optimistic forecasts. How is Turner getting those subscribers? Having partners who are cable system operators helps, as does the fact that those operators want new options to lure nonsubscriber homes through which cable already passes.

Dennis Leibowitz, of Donaldson, Lufkin & Jenrette, values the operation at a minimum of $19.50 per share. The stock recently traded around 14. Turner Broadcasting may be a better company than the market realizes.

Douglas Kirkland/Sygma

Ted Turner of Turner Broadcasting System, Inc.

COMMUNICATIONS MEDIA

$2,800 per subscriber—has yet to be met.

Print media came under another kind of pressure during the year. The weak dollar helped foreigners such as France's Hachette SA pick up important U.S. properties. Thus Hachette paid $440 million for Grolier, Inc., a Connecticut-based textbook publisher, followed by $712 million for Diamandis Communications, Inc., owner of such magazines as *Woman's Day, Car & Driver* and *Popular Photography.*

Tidings in the newspaper business have been grim. After ten years of steadily climbing profits and revenues, total advertising revenues were up around 5% in 1988, as against 9% the year before, barely enough to cover the 15% increase in newsprint costs.

"Everybody except the Tribune Co. has been hit hard," says John Morton, a newspaper analyst with Lynch Jones & Ryan. What made Tribune a standout? The opening of a new Bloomingdale's in Chicago. The new department store's ad blitz was matched by the competition, helping to push the Chicago publisher's revenues up 8% over 1987.

The future? Not rosy, says John Morton. "Next year," he says, "is going to be a tough one." ■

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Publishing													
Western Publishing	●/●	1	58.4%[a]	18.9%	0.0%	5.2%	7	12.0%	39.3%	4	30.8%[c]	75.0%	$523
Affiliated Pubs	●/●	2	41.1	def	48.2	def	4	12.7	14.6	1	56.4	P-D	533
Commerce Clearing	57/55	3	37.5	28.9	7.4	9.1	15	9.7	9.0	11	14.1	4.5	596
Dun & Bradstreet	62/69	4	34.2	23.6	0.0	11.5	1	20.3	23.3	12	12.8	2.6	4,041
Washington Post	74/62	5	31.3	48.2	19.4	21.8	11	10.7	6.1	5	28.0	86.9	1,362
Dow Jones	81/70	6	30.2	27.7	31.5	14.7	9	11.5	32.9	9	17.1	18.4	1,607
Times Mirror	85/82	7	24.4	19.8	57.0	9.1	20	6.6	6.1	8	18.2	–6.5	3,202
New York Times	●/●	8	23.3	19.5	45.8	9.2	5	12.7	4.8	7	20.7	4.8	1,739
Jostens	22/NA	9	22.3	59.0	52.5	15.0	12	10.5	–3.4	15	10.5	91.2	564
Time Inc	60/57	10	21.8	22.6	86.6	6.4	8	11.9	8.7	6	26.4	38.2	4,438
Gannett	82/80	11	21.7	21.9	67.7	10.9	2	15.8	7.2	13	12.1	16.9	3,245
McGraw-Hill	●/●	12	21.3	21.7	0.4	10.0	19	7.6	6.5	17	7.6	20.1	1,809
RR Donnelley & Sons	●/●	13	18.9	17.0	12.3	7.2	6	12.3	15.9	10	16.1	–6.1	2,769
Harcourt Brace	53/59	14	17.4	NE	NE	5.6	3	14.0	26.5	2	47.7	D-P	1,706
Meredith	70/66	15	17.3	10.5	4.7	5.0	21	5.9	19.9	18	6.4	1.9	725
Knight-Ridder	88/●	16	17.2	17.7	58.3	7.9	16	9.1	0.2	14	10.6	10.2	2,036
Tribune	63/59	17	17.0	17.4	56.3	8.3	18	8.6	8.2	3	43.4	64.5	2,294
American Greetings	●/●	18	15.2	6.9	52.6	3.0	13	10.3	7.5	20	–5.2	–34.3	1,231
Standard Shares	23/39	19	13.2	10.8	12.7	2.3	17	9.0	16.7	16	7.8	–34.5	743
Media General	40/46	20	12.5	14.1	61.4	6.7	14	9.8	6.8	19	–3.1	115.5	748
Gulf & Western	23/21	21	9.6	17.6	61.1	7.3	22	–8.2	19.7		NM	30.4	5,073
EW Scripps	71/●		NA	5.7	86.4	2.4	10	11.4[d]	NA	21	–12.0[d]	NA	1,195
Medians			**21.7**	**18.3**	**47.0**	**7.6**		**10.6**	**8.7**		**13.5**	**16.9**	
Broadcasting/cable													
CBS	●/●	1	26.2%	93.6%	42.4%	49.0%	7	–5.1%	–15.4%	1	26.2%	206.7%	$2,779
Capital Cities/ABC	77/81	2	18.3	15.5	58.7	7.5	1	52.0	15.3	2	15.2	47.3	4,866
Multimedia	55/51	3	15.1[a]	NE	NE	4.3	6	12.3	8.4		NM	278.0	433
United Artists	32/49	4	14.1	32.5	500.0+	4.5	5	17.5	28.9	4	–16.2	500.0+	842
Tele-Communications	72/87	5	7.8	0.6	500.0+	0.3	2	37.4	50.7	3	–1.4	–90.6	2,134
Turner Broadcasting	59/51		NA	NE	500.0+	def	4	32.3	26.0		NM	D-D	775
Viacom	●/81		NA	0.0	282.4	def	3	33.2	17.9		NA	NA	1,169
Medians			**15.1**	**0.6**	**282.4**	**4.3**		**32.3**	**17.9**		**–8.8**	**127.0**	
Media services													
Ogilvy Group	●/●	1	20.1%	17.2%	21.4%	3.9%	2	17.7%	19.3%	2	12.2%	14.1%	$818
Interpublic Group	●/●	2	19.8	20.0	5.7	5.2	3	11.6	20.2	1	15.8	23.3	1,067
Omnicom Group	●/●	3	10.6[b]	19.2	55.2	4.4	4	9.8[d]	13.8		NM	45.8	882
ADVO-System	●/●	4	def[b]	def	0.0	def	1	36.1	13.2		NM	P-D	589
Medians			**15.2**	**18.2**	**13.5**	**4.2**		**14.6**	**16.6**		**NM**	**18.7**	
Industry medians			**19.4**	**17.6**	**48.2**	**6.4**		**11.6**	**14.2**		**12.1**	**18.4**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

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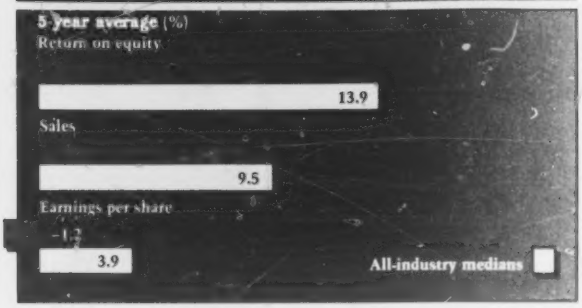
COMPUTERS AND ELECTRONICS



Is the current computer boom petering out? We wouldn't bet on it.

By Marc Beauchamp

AMDAHL, APPLE, Hewlett-Packard and Intel are reporting record profits. But the stocks lag. Intel, for example, is off nearly 40% since the summer and trades at less than ten times estimated 1989 earnings. People fear the good times won't last much longer. There are ominous signs already. In September the semiconductor industry's ratio of new orders to actual shipments, a closely watched barometer, fell below 1 for the first time in 22 months. Advanced Micro

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Computers													
Wyse Technology	●/●	1	52.4%	15.7%	66.2%	4.9%	2	150.4%	64.9%	3	93.5%	5.3%	$551
Sun Microsystems	●/●	2	46.6	22.4	31.0	5.9	1	170.3[d]	95.9	1	120.6[d]	57.3	1,248
Seagate Technology	●/●	3	30.5	2.2	80.1	0.7	4	75.2	35.0	6	40.2	–93.1	1,343
Compaq Computer	●/●	4	29.7[b]	45.6	68.7	11.6	5	72.3[d]	87.0	2	118.4[d]	84.4	1,830
Cray Research	●/●	5	29.5	16.5	16.4	17.4	6	41.7	–11.0	5	51.5	–24.3	589
Intergraph	●/●	6	27.7	15.4	0.5	11.2	8	33.0	29.4	7	32.1	36.0	781
Apollo Computer	●/●	7	25.6	4.1	49.3	1.5	3	88.3	23.6		NM	–43.5	632
Apple Computer	●/●	8	22.9	46.5	0.0	9.8	9	32.3	53.0	8	23.9	56.7	4,071
IBM	●/●	9	22.1	13.7	13.5	9.2	21	9.2	6.8	16	1.1	16.5	56,755
SCI Systems	●/●	10	17.6	13.9	138.2	2.4	7	41.4	47.2	9	23.5	18.8	848
Reynolds & Reynolds	41/36	11	17.3	9.7	51.1	3.0	13	19.4	6.6	11	20.0	–12.0	600
Hewlett-Packard	78/NA	12	16.5	17.2	1.5	8.3	17	13.8	21.5	14	8.0	34.4	9,831
Prime Computer	●/●	13	16.1	9.6	107.2	3.4	16	17.6	54.7	15	7.3	–13.7	1,430
NCR	90/NA	14	15.8	20.4	4.7	7.5	20	9.6	11.3	13	13.2	28.0	6,006
Carlisle Cos	40/ 8	15	13.7	12.6	13.6	4.1	23	6.2	7.4	18	–5.4	27.7	561
Tandem Computers	●/●	16	13.1	12.4	6.8	7.2	10	25.6	27.0	10	21.8	–11.1	1,315
Amdahl	●/●	17	12.3	25.5	10.1	11.5	11	20.9	28.0	4	51.8	57.4	1,739
Digital Equipment	●/●	18	12.1	17.5	1.7	10.6	12	19.8	20.3	12	19.8	4.2	11,887
Wang Laboratories	●/●	19	9.2	5.3	31.8	2.7	14	19.3	5.7		NM	D-P	3,099
Harris Corp	28/DP	20	9.0	7.0	14.1	3.3	22	7.1	–3.5	17	–3.9	–18.6	2,042
Unisys	●/●	21	8.7	15.8	63.4	6.9	15	18.7	4.0		NM	500.0+	9,827
Zenith Electronics	54/NA	22	4.9	def	66.7	def	18	12.6	11.3		NM	D-D	2,531
Data General	●/●	23	2.5	def	10.8	def	19	10.9	7.1		NM	D-D	1,365
Control Data	●/●	24	def	2.4	34.5	0.7	25	–0.2	8.4		NM	D-P	3,623
Datapoint	●/●	25	def	def	44.9	1.3	27	–11.9	6.0		NM	D-D	331
Storage Technology	●/●	26	def[a]	8.8	136.5	2.7	26	–7.5	10.6		NM	–50.0	803
Atari	74/●		NA	18.6	58.3	4.0		NA	147.6		NA	–19.4	765
MAI Basic Four	●/●		NA	30.3	48.6	5.8	24	4.1	31.1		NM	6.6	421
Medians			**15.9**	**13.8**	**33.2**	**4.5**		**19.3**	**20.9**		**8.0**	**6.0**	

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Driven down

Wall Street has battered few high-tech companies as badly as Seagate Technology, Inc. (fiscal 1988 sales, $1.3 billion). Eighteen months ago the company's shares traded in the low 40s. Today, however, they fetch around $8 per share.

Recession fears are only partly to blame. A bigger cause was mistimed moves by Seagate's 57-year-old founder and chairman, Alan Shugart. One of the fathers of the 5¼-inch hard disk drive, Shugart founded Seagate in 1979 after a career with Memorex and IBM. In the mid-1980s he smartly moved disk drive production to Asia to cut costs. But a recent $283 million capital spending program, mostly for expansion of capacity in Singapore and Thailand, was ill-timed. As the PC market has slowed, Seagate's inventory has nearly doubled, to $313 million worth of unsold drives and components. Meanwhile, to pay for the expansion, Seagate's long-term debt zoomed from $15 million in fiscal 1986 to more than $300 million. Moreover, Shugart was slow making the change from 5¼-inch drives to the 3½-inch drive, which is now rapidly becoming the industry standard. He was also overly dependent on IBM, which is now making its own drives.

Such missteps explain why Seagate's net income for fiscal 1988, at $77 million, was down 50% from year-earlier levels. Analysts now think the company will lose $30 million in the year ending June 30.

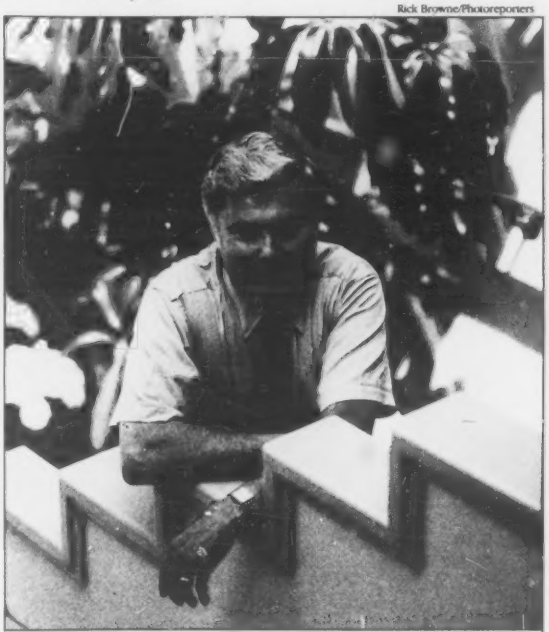
But Shugart has moved quickly. Since August he has laid off nearly 2,200 employees, cut production in Singapore by about one-third, as well as written off inventory.

This year Shugart will flesh out his new line of 3½-inch drives with offerings at both the high and low ends. He has won big new contracts from Apple and, reportedly, IBM. Balance sheet ratios will improve as expenses fall.

There is risk, of course. The 3½-inch market will doubtless be as crowded as the 5¼-inch was. Still, says David Claridge, Hambrecht & Quist's senior technology analyst, "Don't count Seagate out."

Shugart himself is not despairing: He recently bought 100,000 Seagate shares on the open market, his first purchase in four years.

Rick Browne/Photoreporters



Alan Shugart of Seagate Technology

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Electronic equipment													
Mark IV Industries	44/46	1	36.0%	23.5%	410.1%	5.0%	2	86.3%	33.2%	2	61.2%	27.0%	$443
Molex	•/•	2	34.5	20.4	1.6	11.8	4	18.2	30.2	4	13.5	37.0	529
EG&G	•/•	3	27.0	22.3	4.7	4.6	8	8.8	8.8	9	6.2	14.7	1,309
Premier Industrial	62/61	4	20.3	24.0	2.2	12.2	9	8.0	15.6	8	9.0	29.7	548
AMP	•/•	5	19.6	22.5	5.2	11.7	5	11.3	19.0	7	9.2	34.9	2,608
Thomas & Betts	•/•	6	17.1	19.7	13.0	11.4	7	10.0	22.1	5	12.3	24.0	497
Eaton	45/35	7	16.7	19.5	58.3	6.0	10	6.9	1.2	6	11.6[d]	8.1	3,402
Western Digital	•/•	8	16.4	18.0	43.3	5.0	3	72.1	70.9		NM	–16.8	875
Tyler	43/17	9	11.2	13.5	334.9	3.2	15	3.3	–25.9	10	2.7	105.9	780
Corning Glass Works	25/24	10	10.9	19.3	29.4	14.1	13	5.4	6.9	3	18.7	90.5	2,118
Danaher	23/31	11	9.8	35.8	224.7	5.1	1	146.1	23.4	1	112.4[c]	102.5	738
Tektronix	•/•	12	9.5	def	46.1	def	14	3.6	1.6	11	–9.4	P-D	1,413
Perkin-Elmer	58/46	13	9.2	10.6	5.1	6.2	12	6.1	–7.6		NM	D-P	1,182
General Signal	22/36	14	9.0	2.8	10.2	1.5	19	–0.1	10.5	12	–9.8	–60.3	1,719

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COMPUTERS AND ELECTRONICS

Devices, which was slow to recover from the 1984-85 chip debacle, recently laid off 2,400 people, or 15% of its work force. Then Intel conceded that it has been too bullish on the market for its new microprocessor, the 80386. National Semiconductor is expecting a "significant operating loss" in the second quarter, which ended Nov. 27.

The industry is also plagued by uncertainties regarding the so-called standards issue. Today someone buying a personal computer, say, has to decide whether to go with the new IBM OS/2, the old MS-DOS operating system or Apple's standard or to buy a machine that can run Unix. Buyers of mainframe and minicomputers face similar dilemmas.

Early in the year a shortage of powerful new memory chips, the 1-megabit DRAMS, slowed production lines at Apple, Compaq and other makers of computers and peripherals. But the shortage was good news for at least one American company, Texas Instruments, which was minting money making the chips at its Miho, Japan facility.

However, come the next recession, the industry may prove to be in better shape to weather it than many suppose. Japanese and Korean competitors have driven the lesson home to Americans that they must watch costs carefully. The industry's inventories are leaner and cash balances higher than they were going into the last downturn.

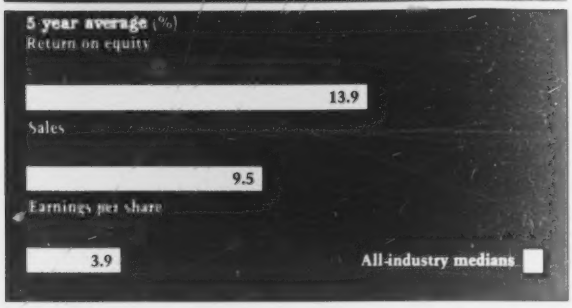
What might also help cushion any serious fall in demand is all the new products in the pipeline. Intel's 386 chip is still the heart of IBM's new PS/2 personal computer line. Motorola's new 68030 microprocessor is a hit in Apple's Macintosh IIX, and Steven Jobs has put it in his NeXT computer. Even now Texas Instruments is sending out samples of its 4-megabit memory chip.

In short, the market could well be too bearish on high-tech stocks. In the past, technology's long-term promise was often lost on Wall Street when the short term looked bleak. We are, after all, still in the early years of the computer age. ■

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Bell Industries	63/68	15	8.0%	10.8%	16.2%	2.8%	6	10.9%	12.9%	13	–21.9%	190.1%	$433
Varian Associates	80/68	16	7.8	6.4	7.8	2.4	11	6.7	19.1		NM	29.6	1,171
Honeywell	27/39	17	5.8	6.0	32.8	1.9	16	2.5	14.0		NM	D-P	7,198
General Instrument	66/87	18	def	15.0	29.7	6.8	18	0.6	17.1		NM	D-P	1,207
Sprague Technologies	74/NA	19	def	4.2	13.9	2.7	17	1.1	12.2		NM	D-P	492
Medians			10.9	18.0	16.2	5.0		6.9	14.0		2.7	34.9	
Semiconductors													
Marshall Industries	60/NA	1	20.4%	22.0%	36.6%	4.4%	1	20.1%	51.4%	1	5.2%[d]	134.0%	$463
Motorola	32/30	2	11.2	14.1	10.6	5.4	4	11.4	21.8	2	–1.2	56.5	7,889
Avnet	77/79	3	8.4	7.6	31.4	2.8	6	6.3	15.5	3	–21.7	79.0	1,868
Advanced Micro	•/•	4	8.0	6.3	19.2	4.5	2	14.4	22.3		NM	D-P	1,140
Intel	•/•	5	7.0	31.8	23.1	14.3	3	11.9	60.9		NM	429.4	2,720
M/A-Com	NA/NA	6	4.3	7.6	45.8	4.3	9	–4.7	–2.7		NM	D-P	424
Texas Instruments	43/83	7	4.0	20.8	29.0	5.9	7	4.0	13.8		NM	25.9	6,137
Natl Semiconductor	57/64	8	def	0.9	18.5	0.7	5	9.9	38.1		NM	D-P	2,602
Arrow Electronics	•/•	9	def	def	188.9	1.2	8	3.3	64.7		NM	D-D	908
Medians			7.0	7.6	29.0	4.4		9.9	22.3		NM	134.0	
Industry medians			11.6	14.0	29.5	4.7		10.9	18.1		–1.2	28.8	
All-industry medians			13.9	14.1	45.7	4.9		9.5	11.6		3.9	18.4	

•90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

CONGLOMERATES



The remodeled winners are doing well, while the takeover plays have all but disappeared.

By Laura Jereski

COMPANIES ARE CLASSIFIED as conglomerates if they have a strong presence in four or more industries, whether because of internal diversification, like Minnesota Mining, or acquisitions, like ITT. These companies have in common only their diversification, the strategy that shapes them. Conglomerates like Household International that have since refocused don't make this list anymore. The ranks have also been trimmed by acquisitions and leveraged buyouts: Gone are Jim Walter, Insilco, Amfac and Pullman.

Does that mean these highly diversified companies are good takeover bets? Probably not. The winners successfully remake themselves on their own. Take IC Industries. Under chief executive Karl Bays, the company, renamed Whitman Corp., has lines ranging from Mexican foods to Midas auto repair shops, and last year spent $180 million in capital investment. At a recent price of around 32 a share, and a projected P/E of 17, the company looks fully valued.

Or take GATX, a former railroad supply company, which

Yardsticks of management performance	Profitability					Growth					Sales
	Return on equity					Sales			Earnings per share		
Company	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Conglomerates												
Jepson	1	94.4%[a]	19.3%	180.8%	2.3%	1	140.1%[d]	9.5%	1	53.7%[c]	–35.0%	$565
Teledyne	2	22.7	23.0	25.9	13.4	11	2.2	3.7	4	17.4	83.1	3,365
Minn Mining & Mfg	3	19.3	21.7	7.5	10.6	8	7.1	13.2	7	7.3	24.3	10,377
Raytheon	4	18.7	26.0	2.1	5.9	9	6.9	7.3	6	12.0	23.4	8,120
American Brands	5	18.6	22.3	89.9	9.2	10	4.9	17.2	10	4.5	38.4	6,640
Berkshire Hathaway	6	17.4	12.1	10.9	15.1	2	41.9	–1.7	2	36.7	68.4	2,285
Dover	7	17.3	20.9	3.4	7.4	5	9.9	23.6	9	4.9	39.0	1,885
Figgie Intl	8	14.6	18.0	42.0	5.2	6	8.7	16.6	5	14.6	30.2	1,131
Emhart	9	12.7	14.2	70.9	4.4	7	7.2	13.9		NM	18.9	2,704
Textron	10	12.6	11.4	76.8	3.6	4	24.4	–2.7	3	28.0	–15.7	7,232
Standex International	11	12.6	9.0	31.2	3.3	12	2.0	4.7	8	4.9	–15.4	434
ITT	12	9.2	13.8	29.4	5.2	15	–3.0	11.2	11	2.8	44.7	20,687
DWG	13	7.1	28.9	362.6	3.3	3	38.5	–1.0		NM	44.6	1,120
IC Industries	14	7.1	17.3	68.6	7.6	13	1.8	–9.2		NM	53.0	3,700
Penn Central	15	5.2	4.6	10.2	5.1	16	–11.3	–7.8		NM	–31.7	1,493
Tenneco	16	3.2	0.5	146.2	0.4	14	–0.1	–5.8		NM	D-P	13,602
GATX	17	0.3	19.6	500.0+	8.3	17	–12.5	5.0		NM	34.2	555
Industry medians		**12.7**	**18.0**	**42.0**	**5.2**		**6.9**	**5.0**		**4.9**	**34.2**	
All-industry medians		**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

Peter Scott of Embart

Joseph Kugielsky

Makeover by invitation

In the three years since he became chief executive, Peter Scott has transformed Emhart, the Farmington, Conn.-based conglomerate, from an old-fashioned manufacturer into a $2.9 billion (estimated 1988 sales) high-tech and consumer products company. Scott has an affinity for high tech. Before joining Emhart, he was one of Harry Gray's top men at United Technologies. Before that he started two electronics businesses that he sold to Dresser and NCR.

That talent for building companies earned Scott an invitation in 1985 to make over Emhart. "The board didn't want a caretaker," he says. By 1990, Scott predicts, the older industrial divisions making timers, capacitors and the like will bring in only 43% of revenues, down from 64% last year. The biggest part of the business will be in garden sprinklers and golf club shafts, as well as technology consulting and software services for the government.

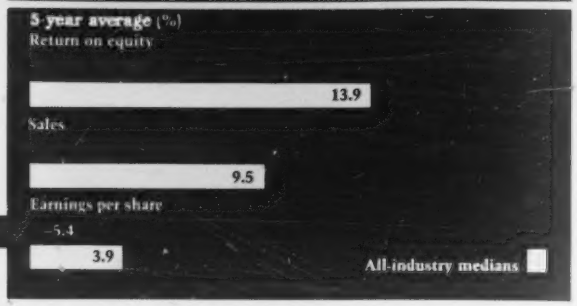
Earnings, which slid to a $10 million loss two years ago, may hit $145 million this year, or $2.35 per share. Return on equity has rebounded to over 14%. But Wall Street may not have fully recognized Scott's achievement. The stock is trading at about a 10% discount to the market, at a multiple of about 11 times 1988 earnings. Here's a company that has changed its nature, but whose image hasn't quite caught up.

caught the resurgence in basic industry just right. GATX had already dumped its railroad manufacturing business to concentrate on storage tank, ship and, more recently, airplane leasing, when takeover attempts forced it to cut costs. Thanks to the booming chemical business, the company's transportation equipment is at 93% of capacity, compared with 88% a year ago, and tank storage terminals are nearly full. Thus, 1988 per-share earnings ought to hit $5.25, versus $3.64 in 1987. But look out: There's $1.5 billion of debt on GATX' balance sheet, covered by $150 million of operating cash flow, according to Burton Strauss of Shearson. That's none too thick a shield if the economy weakens.

Even so, some stocks in this group still look cheap. Take Dover Corp., which sells everything from semiconductor equipment to elevators. The stock dipped in midyear when semiconductors slumped, as investors became pessimistic about Dover's subsidiary, a semiconductor equipment maker. Last year that business brought in about $45 million of Dover's $325 million operating income, and this year won't look better. That's why the stock slinks along at around 28, down from a high last year of 36⅝.

"You have to consider a company as well managed as Dover at that price," says Jack Kelly of Goldman, Sachs. In spite of the lackluster semiconductor equipment business, Dover's return on equity will be 20%, well above the industry's average of 12.7%. ■

CONSTRUCTION



With too many office buildings, too many apartments and rising mortgage rates, the construction business does not face a happy 1989.

By Jack Willoughby

WITH THE FEDERAL RESERVE in an inflation-fighting mode, interest rates are inching up again, and that means costlier mortgage money in the year ahead. This spells continuing trouble for the builders of American homes and for the businesses that supply them. Total starts should drop to 1.3 million this year, a decline of 27% from the 1986 peak.

A housing slowdown would come on top of the slowdown already occurring in apartment, office and hotel construction. This sector still faces persistently high vacancy rates, even with spending down 25% below the 1985 peak. (According to McGraw-Hill, the national vacancy rate in office buildings is

Yardsticks of management performance		Profitability					Growth					Sales
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Residential builders													
Ryland Group	•/•	1	26.1%	25.4%	66.7%	4.2%	3	28.7%	1.0%	1	39.6%	0.8%	$842
Fleetwood Enterprises	35/12	2	24.1	16.1	0.0	3.6	4	14.7	12.5	3	24.5	22.3	1,470
MDC Holdings	86/88	3	23.9	def	353.3	def	1	58.7	–13.4	5	8.8	P-D	659
PHM Corp	55/•	4	18.0	1.3	500.0+	0.3	6	11.7	–7.4	7	–20.2	–87.9	1,099
Kaufman & Broad	44/44	5	13.0	14.4	188.7	2.6	2	29.1	43.3	2	38.2[d]	–15.9	2,00[illegible]
General Development	66/NA	6	12.5	9.1	189.8	3.6	5	12.2	14.2	6	5.4	–29.6	509
Skyline	66/49	7	7.7	10.0	0.0	4.1	7	2.6	6.2	4	15.0	8.9	335
US Home	•/•	8	def	def	134.4	def	8	–5.2	–8.7		NM	P-D	718
Medians			**15.5**	**9.5**	**161.5**	**3.1**		**13.5**	**3.6**		**11.9**	**–22.8**	
Commercial builders													
Dover	34/28	1	17.3%	20.9%	3.4%	7.4%	8	9.9%	23.6%	3	4.9%	39.0%	$1,885
Centex	53/18	2	13.2	7.7	37.4	1.7	9	8.5	23.0	2	10.0	9.4	1,627
Blount	54/DP	3	12.4	3.2	110.9	0.3	6	11.4	12.5	5	–22.7	–30.9	1,385
United Technologies	32/29	4	11.3	15.8	35.2	3.9	12	3.7	4.0	4	–19.1	300.8	17,656
Turner	•/•	5	10.6	6.5	137.5	0.1	10	7.3	13.5		NM	D-P	3,133
Guy F Atkinson	77/18	6	7.7	def	16.5	def	16	–3.6	–1.5	6	–32.2	P-D	926
Foster Wheeler	45/DP	7	7.3	1.6	42.0	0.7	18	–5.8	–13.0	7	–37.3	–71.8	1,077
Morrison Knudsen	88/ 6	8	6.5	def	34.4	def	15	–3.5	1.5		NM	D-D	1,972
Perini	•/ 5	9	2.5	12.3	35.6	1.9	17	–4.5	15.4		NM	95.1	870
Enserch	38/DP	10	2.4	def	99.6	def	19	–6.4	0.6		NM	P-D	2,768
Trinity Industries	28/17	11	2.1	10.3	95.3	2.8	11	6.3	44.2		NM	408.7	745
Butler Manufacturing	•/•	12	2.0	6.5	23.7	1.1	7	10.3	4.6		NM	153.8	633
Halliburton	45/59	13	0.6	5.2	9.5	2.4	21	–14.1	39.5		NM	466.7	4,463
CBI Industries	50/DP	14	def	3.3	74.9	1.9	5	12.4[d]	1.3		NM	215.4	1,335
Comstock Group	•/•	15	def	def	310.5	def	4	15.0	4.6		NM	D-D	413

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19%, in hotels 35%, in apartments 7%.)

Forget about those big government-financed construction projects. Fiscal restraint has put them in limbo. The value of public construction for infrastructure projects should hold to the current $43 billion this year, in constant dollars around $42 billion.

This year's overall slowdown should drag in many of the booming Northeast cities, not just troubled farmbelt and oil states. The value of total construction in the Northeast should drop to just under $46 billion, down 6% from $49 billion last year.

The stock market is already anticipating this. Several giant

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Jacobs Engineering	81/NA	16	def	20.5%	27.9%	0.9%	13	–0.9%	136.5%		NM	83.3%	$757
Fischbach	•/•	17	def	def	33.0	def	14	–2.0	–21.1		NM	D-D	976
Fluor	83/•	18	def	31.9	24.9	3.6	20	–9.7	2.0		NM	D-P	4,740
Henley Group	54/34		NA	def	12.0	def	3	31.0	–19.8		NA	D-D	2,788
LVI Group	•/•		NA	def	240.9	def	1	99.7	2.0		NM	P-D	488
MMR Holding	•/•		NA	29.9	24.9	1.6	2	45.2	55.8	1	53.5%	50.5	556
Medians			**2.5**	**5.2**	**35.2**	**0.9**		**6.3**	**4.6**		**NM**	**39.0**	
Cement and gypsum													
USG	51/68	1	24.5%	16.3%	NE	4.1%	3	17.3%	–15.1%	2	42.7%	–57.9%	$2,434
CalMat	•/85	2	10.8	13.3	19.0%	10.2	1	23.0	–11.9	1	122.7	–22.0	584
Lone Star Industries	•/88	3	8.1	4.7	63.5	6.8	5	–2.6	–39.3		NM	–70.7	479
Texas Industries	41/ 5	4	7.9	3.9	107.0	1.7	2	18.0	10.2		NM	D-P	650
Lafarge	•/•	5	3.9	16.2	46.6	6.9	4	5.5	12.6		NM	41.0	1,294
Ideal Basic Inds	•/•	6	def[b]	def	500.0+	def	6	–11.2	–1.7		NA	D-D	228
Medians			**8.0**	**9.0**	**55.1**	**5.5**		**11.4**	**–6.8**		**NM**	**–40.0**	
Lumber													
Willamette Inds	33/22	1	15.0%	26.1%	54.8%	9.7%	5	7.6%	20.4%	1	72.9%	47.3%	$1,650
Pope & Talbot	48/54	2	11.2	22.1	51.7	6.4	3	8.4	19.3		NM	4.1	480
Potlatch	30/17	3	9.8	16.9	53.0	9.9	8	3.3	7.0	4	42.2	26.9	1,051
Georgia-Pacific	67/58	4	9.6	17.5	80.0	4.9	4	7.9	12.5	3	50.9	14.6	9,171
Weyerhaeuser	45/38	5	8.1	15.0	48.8	7.0	2	8.8	15.6	6	22.8	29.1	7,594
Boise Cascade	26/20	6	6.9	18.3	58.2	6.7	6	4.6	6.3	2	66.9	86.8	4,035
Louisiana-Pacific	85/79	7	6.9	13.0	33.7	7.4	1	15.1	0.2	5	39.2[d]	21.9	1,829
Champion Intl	26/26	8	6.4	14.3	56.8	8.4	7	3.7	10.1		NM	14.0	4,972
Medians			**8.8**	**17.2**	**53.9**	**7.2**		**7.7**	**11.3**		**40.7**	**24.4**	
Other materials													
Morgan Products Ltd	•/•	1	33.5%[b]	13.9%	51.3%	2.6%	2	29.2%	1.6%	3	23.4%[c]	–26.8%	$430
Philips Industries	•/•	2	24.0	20.7	16.0	5.6	3	17.2	22.9	2	24.2	11.3	803
Masco	72/77	3	18.5	19.1	59.7	11.4	5	16.6	24.8	7	17.5	7.7	2,372
Tyco Laboratories	59/48	4	17.7	29.4	79.0	4.4	8	13.0	53.7	13	7.6	157.5	1,702
Vulcan Materials	68/83	5	16.8	24.3	10.0	13.4	20	5.0	0.2	6	18.2	36.3	1,032
PPG Industries	NA/NA	6	16.7	22.6	43.9	8.4	13	8.9	9.0	5	20.9	41.4	5,512
Armstrong World Inds	74/75	7	15.5	17.9	18.5	6.3	10	12.0	14.3	1	43.4	16.3	2,578
GAF	48/16	8	15.0	16.8	83.6	9.4	21	5.0	16.7		NM	10.8	946
Carlisle Cos	26/50	9	13.7	12.6	13.6	4.1	17	6.2	7.4	16	–5.4	27.7	561
Temple-Inland	20/15	10	12.4[b]	19.8	45.7	10.7	16	6.4	10.6	4	21.0[d]	50.5	1,737
Harsco	34/52	11	11.4	15.4	29.6	5.2	18	5.6	17.8	8	14.6	20.1	1,299
Tyler	17/27	12	11.2	13.5	334.9	3.2	22	3.3	–25.9	14	2.7	105.9	780
Owens-Corning	62/59	13	10.9[b]	NE	NE	6.3	19	5.6	–7.6	11	10.1	–12.5	2,841
Hughes Supply	•/NA	14	10.7	11.5	85.8	2.0	4	16.9	29.7	10	12.1	30.3	491
Coleman	26/23	15	10.3	13.3	39.7	3.8	12	10.5	12.1	15	1.3	36.2	650
Nortek	83/72	16	10.0	def	239.9	def	1	40.6	11.1		NM	P-D	1,360
Grow Group	NA/NA	17	9.9	def	137.6	def	7	16.0	–18.6	17	–29.6	D-D	390
Noland	•/•	18	8.0	7.3	52.1	1.4	9	12.5	7.6	9	13.4	–5.9	458
Dallas Corp	•/•	19	5.6	5.5	46.8	1.4	11	11.9	4.5		NM	240.9	414
Manville	72/67	20	5.4	13.8	50.0	7.1	23	3.2	6.7		NM	14.5	2,170
Crane	36/28	21	5.1	17.9	52.5	4.1	6	16.0[d]	–9.8	12	9.1[c]	7.7	1,108
HH Robertson	•/•	22	def	def	36.7	def	24	–5.0	–16.6		NM	D-D	393
Dravo	•/•	23	def	def	45.8	def	25	–20.7	–28.1		NM	D-D	262
Formica	•/•		NA	34.1	87.0	7.5	15	7.4	6.7		NA	149.5	434
York International	•/•		NA	11.4	5.8	2.6	14	8.8	34.0		NM	NA	1,185
Medians			**11.2**	**13.8**	**46.8**	**4.1**		**8.9**	**7.6**		**8.3**	**15.4**	
Industry medians			**9.9**	**12.8**	**49.4**	**3.4**		**8.4**	**6.9**		**–5.4**	**14.0**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

•90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

operators were removed from the roster of public companies—Jim Walter Corp., American Standard Inc. and Certain-Teed Corp.—in leveraged buyouts because their shares were irresistible bargains compared with the cash flow they were generating and their assets. Says John Stanley, an analyst at Wertheim Schroder & Co.: "I wouldn't be surprised if there were one or two more big buyouts, if shares stay at these depressed levels."

An export boom that boosted the log business this year is already slowing. It has been quite a boon for lumbermen pushing U.S. exports of wood products to an estimated $5 billion, from $4 billion in 1987. The biggest customer was Japan. The most aggressive buyer was the People's Republic of China, which bought more than twice as much as in 1987. But Japan's housing boom seems to be slowing, according to Bruce Kirk of Goldman, Sachs, and China's buying patterns are too volatile to predict.

There's one bright spot in all this: Fewer homes are going up, but the new homes being built are bigger and more expensive. That means more lumber. The average square footage of a new house has gone up to almost 2,000 square feet, compared with 1,720 in 1983.

But this much is clear: The U.S. economy can't count on construction for a lift in 1989. ■

This time for sure

William Agee of Morrison Knudsen David Frazier

William Agee, 51, is the kind of man who shakes things up—for better or worse. Small wonder, then, that the stock of Morrison Knudsen Corp. started hopping soon after he and a group of colleagues from his days as head of Bendix Corp. took over management last August.

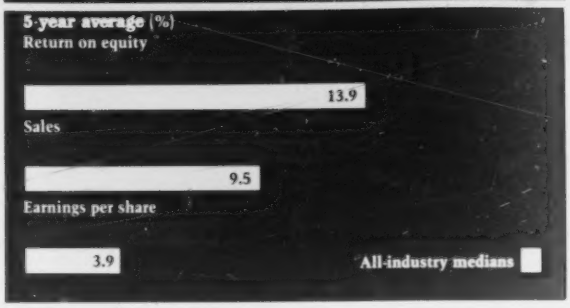
Something had to happen. Morrison Knudsen promised last year to return to profitability. Instead, it lost $60 million on sales of $1.9 billion. The directors called in Agee, who had been an outside director for nine years, when the losses got out of hand. It has proven a good choice.

Since taking over, Agee has pared the company back to construction, manufacturing and engineering services, shedding a series of poorly fitting businesses. Among other steps, he has agreed to sell 80% of Morrison Knudsen's shipbuilding business to the employees.

Agee has also tightened up bidding procedures, one of the main areas in which previous lax management had cost the company dearly. Now, Morrison Knudsen bidders have been ordered to concentrate on landing big contracts, in excess of $50 million, where margins are fatter. Says Agee: "It's no secret that America's tunnels and dams and harbors need work. This is a traditional MK strength we'll emphasize."

This year the slimmed-down Morrison Knudsen will likely deliver on its long-touted return to profitability. Wall Street analysts typically believe that MK will turn into a good money earner (estimates about $3 a share), even in the face of a nationwide construction slowdown. It may never coin money as it did in the old days. But be assured that if the stock drops much lower than $32 it may become a candidate for a leveraged buyout. In short, one way or another, a stock with promise.

CONSUMER PRODUCTS



Here's why so many packaged goods companies have become takeover targets.

By Christopher Palmeri

IF YOU OWNED a nationally recognized brand name product—as virtually all the companies on this list do—1988 might very well have found you under attack by a raider. Of the 52 consumer products companies on the list last year, 5, with stock worth in the aggregate more than $8 billion, were acquired in 1988. Two now on the list—Chicago Pacific and West Point-Pepperell—are under attack.

The industry is attractive in part because of its ability to pass along cost increases as higher prices without hurting demand. In addition, concentration on cost-cutting has enabled industry leaders like Colgate-Palmolive to reduce plant capacity and payroll by more than 15% in recent years. Combined with a cheaper dollar, this should mean strong 1989 earnings gains for major consumer products makers.

One corner of this industry where price increases have not taken hold is the major appliance market. Even with an oligopoly—General Electric, Whirlpool and Maytag—dominating the market, competition remains as aggressive as ever.

Faced with rising material costs, for example, General Electric attempted 1%-to-3% price increases on its washers and dryers in early 1988. The increases unraveled when archrival Whirlpool didn't follow. Late this spring, Whirlpool as well tried to raise its prices—with the same result. By fall, the two introduced almost simultaneous 3% price hikes, but analysts don't think that will be enough to keep profit margins from sliding as 1989 proceeds. Right now, toothpaste and laundry detergent looks like a better business than refrigerators or washer-dryers. ■

Yardsticks of management performance		Profitability					Growth					Sales
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Appliances													
Harman International	●/●	1	44.7%[a]	19.1%	98.7%	2.6%	4	18.6%	34.0%	1	72.9%	28.7%	$82
Emerson Radio	●/●	2	26.8	def	85.5	def	2	54.0	-12.7		NM	D-D	705
Maytag	85/80	3	26.7	33.0	28.6	7.4	10	9.3	-1.1	3	21.4	-3.8	1,855
Fuqua Industries	25/42	4	25.0	35.0	70.9	12.7	14	3.1	20.6	5	14.3	147.9	904
Emerson Electric	20/24	5	19.4	19.8	16.8	8.0	8	12.1	7.8	7	7.0	15.5	6,651
Chicago Pacific	89/●	6	18.8	19.3	113.3	5.4	1	70.1	19.8	11	-11.9	173.0	1,576
General Electric	23/20	7	18.1	17.2	19.8	7.4	12	8.3	-2.5	9	4.1	19.8	38,562
Whirlpool	●/●	8	17.1	11.3	36.6	3.4	5	13.3	4.5	8	5.4	-15.4	4,338
Stanley Works	38/41	9	15.6	15.8	50.7	5.3	7	12.3	11.4	4	15.4	19.8	1,881
Toro	84/NA	10	14.2	24.8	69.3	3.3	3	20.2	16.9	2	31.2[c]	21.1	609
Standard Shares	41/22	11	13.2	10.8	12.7	2.3	11	9.0	16.7	6	7.8	-34.5	743
Briggs & Stratton	●/●	12	11.9	9.6	0.0	3.1	13	5.0	18.6	10	-5.0	21.3	939
Zenith Electronics	46/NA	13	4.9	def	66.7	def	6	12.6	11.3		NM	D-D	2,531
Black & Decker	●/●	14	3.4	14.8	41.2	4.3	9	12.0	17.9		NM	73.7	2,281
American Hoist	40/22	15	def	2.9	82.8	1.2	15	-5.7	3.1		NM	D-P	303
Allegheny Intl	●/●	16	def	NE	NE	def	17	-19.1	-20.8		NM	D-D	932
SSMC	77/89		NA	0.8	19.2	0.6	16	-6.6	8.4		NM	-82.0	680
Medians			**16.3**	**14.8**	**41.2**	**3.3**		**12.0**	**11.3**		**4.1**	**19.8**	
Home furnishings													
Shaw Industries	●/●	1	23.2%	24.1%	146.4%	3.5%	3	23.6%	46.3%	1	59.2%	35.3%	$1,055
Rubbermaid	●/●	2	22.3	22.1	8.4	8.3	5	21.9	21.6	4	20.1	18.0	1,161
Leggett & Platt	80/82	3	20.7	17.0	43.0	4.9	8	18.4	20.3	3	20.7	-3.9	761
La-Z-Boy Chair	●/●	4	18.3	15.4	42.1	5.2	7	19.1	17.6	2	23.4	9.2	508
Newell Co	80/●	5	17.4	16.1	57.9	5.4	2	28.1	76.0	7	14.8	54.3	995
Kimball International	52/75	6	17.3	15.3	4.8	6.1	10	14.3	6.0	6	16.1	0.3	529
Ohio Mattress	●/●	7	15.8	12.8	73.1	4.7	1	50.4	26.6	8	8.0	42.3	651
Bassett Furniture Ind	●/●	8	12.2	6.9	0.0	3.9	11	10.4	0.3	12	-5.0	-20.4	465
Corning Glass Works	26/18	9	10.9	19.3	29.4	14.1	13	5.4	6.9	5	18.7	90.5	2,118
West Point-Pepperell	32/46	10	10.4	12.3	122.2	4.3	12	9.8	26.3	11	-2.2	29.4	2,151

●90% or more. **DP:** Segment deficit, total profit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. c: Three-year growth. For further explanation, see page ??

Hoisting profits

American Hoist & Derrick has been down so long you couldn't pick it up with a crane. Good thing that American Hoist does not make cranes anymore and that management has another strategy. In November, the St. Paul-based miniconglomerate shelled out $110 million for CoastAmerica, a hardware distributor operating the 1,000-store Coast to Coast hardware chain. A hardware distributor may not in the strictest sense be a consumer products company, but American Hoist now seems to fit best, along with Black & Decker and Stanley Works, in our rankings.

Barry Staver

Robert Nassau

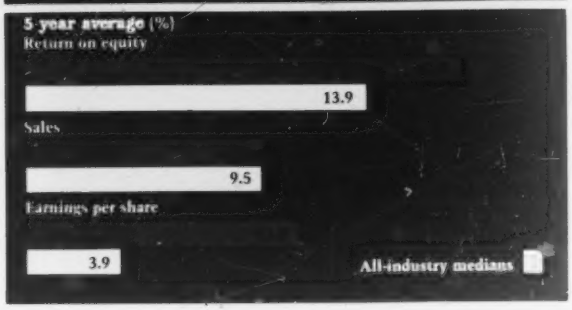
American Hoist sorely needed the change. Last year the company unloaded its former flagship American Crane division, a terminal victim of the sagging oil and heavy construction industries that contributed to five straight years of deficits. After further cost-cutting, American Hoist was left with five disparate divisions, modest in size and profitability. Chief Executive Robert Nassau, who joined American Hoist in 1982 and watched the stock steadily decline throughout the bull market, chose to expand the hardware business by swallowing a major competitor. The postmerger American Hoist will be the nation's largest independent hardware distributor, and the only one with a real national presence. The move will more than quintuple the hardware division's sales.

Recently at 12, the stock is selling at 12 times estimated 1989 earnings. American Hoist is highly leveraged, with long-term debt about 3 times equity. But with the opportunity of earnings gains from the acquisition, the stock, at 1.4 times estimated book value, is hardly overpriced.

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Home furnishings													
Interco	33/50	11	9.3%	11.5%	24.4%	4.9%	15	3.5%	–1.5%	9	4.1%	7.5%	$2,986
Springs Industries	44/66	12	8.0	9.0	46.4	2.5	9	14.8	11.5	10	–0.2	–16.8	1,798
Fieldcrest Cannon	•/•	13	5.3	def	149.6	def	4	23.1	0.3		NM	P-D	1,355
Amoskeag	•/83	14	4.6	def	292.9	def	6	19.7	9.1	13	–30.2	P-D	1,422
Premark Intl	41/39		NA	17.1	33.6	4.9	14	4.5	11.4		NM	D-P	2,368
Medians			**14.0**	**15.3**	**43.0**	**4.9**		**18.4**	**11.5**		**8.0**	**9.2**	
Household products													
Clorox	•/•	1	20.9%	20.2%	2.6%	10.4%	2	5.6%	13.3%	1	13.8%	16.6%	$1,308
Greyhound	38/36	2	10.0	2.8	86.7	0.9	3	–7.6	31.1	2	–9.2	–84.0	2,923
Grow Group	32/DP	3	9.9	def	137.6	def	1	16.0	–18.6	3	–29.6	D-D	390
Medians			**10.0**	**2.8**	**86.7**	**0.9**		**5.6**	**13.3**		**–9.2**	**–84.0**	
Personal products													
Tambrands	•/•	1	30.6%	27.4%	0.0%	15.3%	4	12.9%	7.8%	10	11.9%	13.7%	$62
Bristol-Myers	22/17	2	24.3	25.0	5.7	13.8	12	8.1	11.6	•	13.1	16.7	5,854
Noxell	•/•	3	24.2	23.2	0.0	9.6	3	13.1	6.1	5	17.6	16.7	514
Gillette	•/•	4	22.6	44.8	NE	7.6	13	7.5	12.6	15	–10.4	348.1	3,480
Stanhome	58/52	5	19.9	27.4	1.1	8.1	7	12.0	12.8	2	26.1	28.0	470
Johnson & Johnson	42/26	6	19.1	27.5	19.9	10.8	15	6.4	14.2	13	5.8	25.5	8,828
Shaklee	65/78	7	18.1	8.6	7.3	3.6	17	–0.2	24.9	14	3.3	32.0	613
Hillenbrand Inds	42/45	8	18.0	22.5	33.9	8.4	2	13.2	20.0	8	13.2	31.0	836
Helene Curtis Inds	•/•	9	16.6	13.2	20.6	2.0	5	12.2	24.9	3	21.7	39.9	553
Schering-Plough	31/25	10	16.0	25.7	12.2	12.9	11	8.5	9.8	12	9.0	29.7	2,893
Service Corp Intl	•/•	11	15.8	12.1	65.6	11.6	1	15.9	23.6	6	17.6	8.9	550
Kimberly-Clark	77/70	12	15.6	23.0	48.9	7.0	9	10.4	10.8	11	11.6	31.4	5,256
Carter-Wallace	53/37	13	14.4	15.8	7.7	8.3	8	10.9	7.2	4	20.0	16.3	503
Procter & Gamble	44/48	14	14.3	17.5	37.7	5.3	14	7.2	15.2	17	–14.8	165.1	19,939
Scott Paper	68/48	15	13.3	23.6	75.3	8.5	6	12.1	13.4	1	28.6	76.5	4,542
Avon Products	•/•	16	12.8	def	500.0+	def	18	–2.2	8.2		NM	P-D	2,955
Colgate-Palmolive	75/43	17	11.1	19.3	64.3	4.6	16	2.1	–8.2	16	–13.4	415.4	4,987
Alberto-Culver	49/64	18	8.4	20.8	36.7	4.5	10	10.2	17.5	7	16.3	55.5	605
Medians			**16.3**	**22.8**	**20.3**	**8.2**		**10.3**	**12.7**		**12.5**	**30.3**	
Industry medians			**15.8**	**16.1**	**36.7**	**4.9**		**12.0**	**11.6**		**7.8**	**19.8**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

•90% or more. **DP:** Segment deficit, total profit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

ELECTRICAL EQUIPMENT



Capital spending is lifting this industry's revenues, and cost-cutting is nailing down the profits.

By Alyssa A. Lappen

DEMAND FOR ELECTRICAL EQUIPMENT such as motors and generators, long the backbone of this industry's business, grew modestly in 1988. Yet the industry's earnings rose 15.5%, and for the ninth year the group outperformed the all-industry median profitability by a wide margin.

Give credit to cost-cutting, which has become a way of life throughout the industry, and robust export sales, thanks to a weaker dollar. Industrial demand for various electronically based process control equipment also helped.

Few industry executives expect a repeat of 1988's earnings gains, but they do expect rises in the 10% range. The growth will come largely from U.S. manufacturers' orders for new capital equipment to improve productivity and cut labor costs. "Current momentum will carry through in the first half," says Charles Knight, chief executive at Emerson Electric. "If there's any downside, it will be late in the year."

Cost-cutting and restructuring go on. Westinghouse joined its mature power transmission and control business with Asea Brown Boveri's and sold its elevator operation. General Electric bought Roper Inc., which makes outdoor power equipment and kitchen appliances, and Borg-Warner's chemical division, which should help GE's plastics business.

Similarly, Cooper Industries bought RTE Corp., an electrical and electronic parts maker, and Square D is expanding overseas. Also, Emerson Electric bought a French firm to complement its valve and pneumatic control operation.

Nearly all the companies on this list are raising spending on research and development. GE, already profiting from strong commercial airlines' jet engine orders, should have a new, highly fuel-efficient engine by the mid-1990s. Raychem is pouring money into a promising new fiber-optic subsidiary. At Emerson, 18% of commercial sales already derive from products introduced recently such as specialty process controls. Expect that trend to continue. ■

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Electrical equipment													
Mark IV Industries	43/41	1	36.0%	23.5%	410.1%	5.0%	1	86.3%	33.2%	1	61.2%	27.0%	$443
Emerson Electric	69/69	2	19.4	19.8	16.8	8.0	3	12.1	7.8	10	7.0	15.5	6,651
Westinghouse	76/66	3	18.3	22.0	93.7	7.0	11	2.5	9.4	3	16.1	10.7	11,407
General Electric	20/ 6	4	18.1	17.2	19.8	7.4	8	8.3	–2.5	11	4.1	19.8	38,562
Hubbell	•/•	5	17.7	19.5	2.2	11.5	9	7.7	5.2	5	12.7	15.5	606
National Service	42/35	6	17.7	17.0	3.8	6.1	7	9.2	6.6	9	8.7	13.6	1,414
Square D	81/•	7	16.5	16.8	22.4	7.0	10	6.8	10.8	8	8.9	3.0	1,610
WW Grainger	•/•	8	15.6	18.3	1.4	7.2	6	10.0	16.4	4	13.6	26.8	1,489
Raychem	73/83	9	12.8	18.8	4.1	10.4	4	11.6	14.0	7	9.9	40.9	1,104
Cooper Industries	49/61	10	9.3	12.8	71.3	5.1	2	13.0	19.1	6	12.1	21.9	4,074
General Signal	NA/NA	11	9.0	2.8	10.2	1.5	12	–0.1	10.5	12	–9.8	–60.3	1,719
Genlyte Group	•/•		NA	NA	500.0+	2.7	5	10.4[d]	10.4	2	22.5[d]	NA	481
Industry medians			**17.7**	**18.3**	**18.3**	**7.0**		**9.6**	**10.5**		**11.0**	**15.5**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

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Never look back

Despite booming profits in the industry, General Signal's last really good year was 1984, and even then it lagged the industry. By 1987 its margins had fallen to 4.3%, its return on equity to under 8%, and 1988 won't look much better.

Yet General Signal's prospects look good. Why? Last April the board hired Edmund Carpenter, the former ITT chief operating officer, to turn things around. Asked how earnings ever got so bad, Carpenter curtly replies, "Never look back."

Carpenter is increasing the size of some of General's 29 divisions, most of which now have sales well under $100 million. Five telecommunications

Robin Bowman

Edmund Carpenter

units have been reduced to four, three electrical units to one, two rail and mass transit units to one. He has sold two companies and will also now sell two small defense electronics units.

Cutting costs is also critical. Carpenter is encouraging cuts by pegging bonuses to earnings, cash flow, return on investment and working capital. He has written off $86 million for inventories, receivables, legal liabilities, severance and goodwill, but not at the expense of capital spending. This year General will sell and lease back more than half of its plants and use the proceeds, some $100 million, for new equipment, acquisitions and to pay down debt from a recent stock buyback.

General finally stands to profit from its prospering markets. The buyback boosted General's shares 15%, but the stock sells at only 11 times estimated 1989 earnings.

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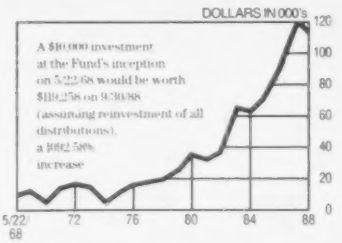

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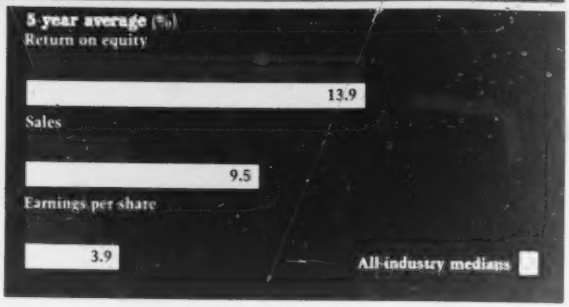
ELECTRIC UTILITIES



The drive toward a free market for electric power was slowed in 1988, but not stopped.

By Edward F. Cone

PONDEROUSLY, ALMOST LIKE A GLACIER creeping across the landscape, deregulation has been reshaping the electric utilities business. In 1988 legal and regulatory obstacles slowed the trend toward mergers and acquisitions and freer competition. Slowed it but didn't stop it. Southern California Edison's bid for San Diego Gas & Electric, which itself wanted to merge with Tucson Electric Power, was resolved last month. In the settlement, SCE will pay over $2.5 billion for San Diego Gas & Electric, creating a company with assets of over $17 billion, the nation's largest investor-owned utility. Now that SCE has been given the go-ahead, more such marriages are likely.

Mergers were not the only aspect of the move toward a freer utility industry. Public Service of New Mexico had hoped for approval of a plan to split itself into a wholesale generating company and a retail distribution company. State regulators said no, but others are looking into splitting power generation from power distribution.

Meanwhile, problems related to nuclear power continued. Public Service of New Hampshire became the first utility in 50 years to file for bankruptcy. Middle South Utilities and Gulf States Utilities had other problems with nuclear plants—construction difficulties and budget overlays—though both avoided Chapter 11. In New York State, squabbling politicians and contentious lawsuits continued to stall a settlement over Long Island Lighting Co.'s nuclear power plant, which is ready to go. Lilco is ready to abandon the plant but insists the public should pay at least part of the cost.

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Northeast		–											
New England Electric	●/●	1	17.4%	def	130.3%	def	10	2.8%	2.6%	7	5.5%	P-D	$1,489
Potomac Electric	●/●	2	17.4	16.8%	83.6	15.6%	6	4.5	–0.7	3	13.7	–2.8%	1,345
Commonwealth Energy	65/64	3	17.0	10.6	75.5	4.7	20	0.9	3.6	11	2.7	–4.0	669
Baltimore G&E	77/89	4	16.0	15.9	64.6	17.2	11	2.8	–2.5	5	10.2	2.3	1,792
Northeast Utilities	●/NA	5	15.9	11.4	159.8	9.3	18	1.5	8.6	14	–0.5	–17.8	2,221
Boston Edison	●/●	6	15.4	8.6	101.8	6.2	17	1.6	5.6	1	51.3	–38.3	1,223
Allegheny Power	●/●	7	15.2	13.8	105.4	9.2	16	1.9	16.7	8	3.6	–5.8	2,176
Delmarva Power & Lt	86/●	8	15.0	12.3	88.1	10.6	13	2.5	11.1	9	3.4	–11.1	757
Consolidated Edison	82/87	9	14.4	13.3	61.9	11.1	22	–0.5	0.0	10	3.2	–3.5	5,089
Atlantic Energy	●/●	10	13.9	14.5	101.1	10.9	5	6.8	3.4	6	9.2	9.4	658
Orange & Rockland	76/88	11	13.8	14.5	81.6	9.5	24	–1.8	2.8	12	2.7	10.9	472
Pub Svc Enterprise	70/88	12	13.3	13.7	96.5	12.2	14	2.4	–0.1	15	–1.1	46.8	4,282
Rochester G&E	70/87	13	12.8	9.3	121.3	7.4	21	0.8	2.7	20	–20.8	4.6	754
Long Island Lighting	83/●	14	12.7	7.9	117.6	15.7	8	4.4	4.4	17	–7.7	91.0	2,131
NY State E&G	88/●	15	12.6	8.9	139.7	8.6	2	8.0	–0.7	19	–18.6	D-P	1,300
Philadelphia Elec	88/●	16	12.4	14.2	117.0	18.3	9	4.3	0.0	16	–7.6	5.6	3,187
American Water Works	●/●	17	12.1	10.8	145.3	11.3	3	8.0	5.0	4	12.8	–0.5	504
Pennsylvania P&L	●/●	18	12.1	14.2	102.1	15.0	1	14.1	6.5	13	–0.5	12.7	2,216
Niagara Mohawk Power	83/●	19	12.1	7.2	119.7	6.5	19	1.3	6.4	21	–43.3	1.0	2,776
Central Hudson G&E	87/●	20	11.9	8.1	109.1	6.9	23	–1.3	3.0		NM	–57.7	434
General Public Utils	●/●	21	11.1	15.6	88.4	10.6	12	2.7	3.2	2	26.4	20.1	2,791
United Illuminating	●/●	22	10.4	13.3	158.8	13.6	15	2.3	4.9		NM	D-P	513
Central Maine Power	●/●	23	10.1	14.8	97.0	8.6	4	7.0	12.6	18	–14.0	69.7	641
Public Service NH	●/●	24	0.2	def	214.0	def	7	4.5	14.3		NM	P-D	597
Medians			**13.1**	**12.8**	**103.8**	**10.1**		**2.6**	**3.5**		**1.1**	**1.7**	

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Back from the dead

Public Service of New Hampshire a turnaround candidate? When last anyone looked, the thing was in the morgue. Beset by endless licensing nightmares at its Seabrook nuclear plant, the company filed for Chapter 11 last January. In 1988 PSNH shares, which traded at 20 five years earlier, bottomed out at one-tenth that price. Says Daniel Scotto, L.F. Rothschild managing director, "Seabrook is the industry's principal victim of hostile regulation."

But all is not lost. The Seabrook plant could begin generating electricity before the end of this year, and negotiations with the state of New Hampshire over a rate hike are in progress. Acquisition bids from nearby power companies, most notably Connecticut's Northeast Utilities, are also being solicited. "One way or another," says recently appointed Chief Executive John Duffett, "we are determined to maximize shareholder value."

Not that shareholders can expect an immediate bonanza: PSNH will need years to repair the damage done by Seabrook, and New Hampshire seems in no hurry to raise rates. But underneath the problems lie real strengths. The company lies in a region hungry for power, which should spur long-term growth. And in the deregulated future, PSNH could provide a crucial link in the transmission of cheap Canadian power throughout the Northeast. Since June, the stock price has recovered to over $5 a share, while preferred shares have moved up from $4 to $15.

"There is no magic pill to solve all of our problems at once," admits Duffett. "But the recent news has been good, and we've got nowhere to go but up."

Richard Frank/Wheeler Pictures

John Duffett of Public Service of New Hampshire

Yardsticks of management performance		Profitability					Growth					Sales
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
North central													
PSI Holdings	●/●	1	36.5%	38.0%	156.0%	12.9%	10	5.9%	–0.7%	25	–15.3%	15.7%	$1,051
UtiliCorp United	38/83	2	18.2	13.7	101.4	6.0	1	28.8	16.4	4	8.0	11.3	663
Kansas Power & Light	40/79	3	16.8	14.5	73.9	7.2	2	16.5	2.9	6	5.0	0.0	1,207
Minnesota Power & Lt	●/NA	4	16.6	12.6	92.4	13.5	15	2.7	3.8	3	8.0	–14.0	431
Ipalco Enterprises	●/●	5	16.4	14.9	82.0	16.0	8	6.6	9.0	2	8.7	–30.5	600
No States Power	85/●	6	16.2	14.8	71.7	11.3	16	2.3	10.7	10	4.3	0.6	1,952
Illinois Power	75/●	7	16.1	8.2	98.3	14.8	23	0.5	6.9	14	3.0	–47.9	1,289
WPL Holdings	80/●	8	16.1	15.5	68.2	11.2	17	1.3	5.3	13	3.2	8.1	587
Wisconsin Energy	82/●	9	16.0	17.9	84.4	13.6	21	0.6	8.6	5	7.0	21.2	1,495
Commonwealth Ed	●/●	10	15.8	10.6	83.9	15.4	9	6.2	–3.9	12	4.0	–28.3	5,494
Wisconsin Public Svc	74/●	11	15.6	14.7	59.1	9.4	25	–0.6	3.2	7	4.8	9.1	599
Iowa-Illinois G&E	63/89	12	15.2	13.4	85.7	11.6	22	0.5	–0.5	17	–0.5	–8.1	486
Centerior Energy	●/●	13	15.1	10.1	95.1	15.9	12	4.1	–0.7	16	–0.4	–27.7	1,989
Ohio Edison	●/●	14	15.0	10.8	104.9	15.9	11	4.6	13.5	9	4.4	–27.7	2,027
Union Electric	●/NA	15	14.7	14.8	100.0	15.1	3	9.7	4.8	15	0.8	–13.6	2,021
Detroit Edison	●/●	16	14.6	9.5	149.9	11.1	7	6.6	4.9	1	10.9	–42.2	3,014
Cincinnati G&E	74/●	17	14.3	11.9	88.8	9.8	18	1.2	–0.9	23	–2.1	–39.6	1,366
Iowa Resources	●/●	18	13.7	9.5	101.7	9.9	29	–5.2	–2.8	19	–1.0	–25.1	339
Kansas City P&L	●/●	19	13.3	13.6	102.0	15.4	6	7.1	4.9		NM	D-P	734
CILcorp	68/84	20	13.1	10.0	97.6	7.0	27	–2.4	–2.2	18	–0.8	–31.4	461
Central Ill Pub Svc	82/●	21	13.0	14.0	71.9	14.1	26	–1.3	1.4	20	–1.0	24.3	612
Midwest Energy	41/87	22	12.7	16.0	136.3	7.3	4	9.3	5.3	8	4.8	32.0	571
American Electric	●/●	23	12.6	13.7	112.9	11.7	14	2.8	–2.0	11	4.1	–1.7	4,768

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On the positive side, demand for electric power grew by 5% in 1988, twice the rate estimated by analysts as the year began. Fuel costs stayed low, which, combined with the steady decline in industrywide construction, lowered real costs for electricity.

Despite the setbacks to deregulation, a free market for electric power remains a plausible goal. A compelling precedent has been set for takeovers, and the wholesaling of power is too attractive a prospect for today's aggressive utilities to abandon, even though its implementation is proving to be tricky. In sum, 1988 wasn't the end of the changes in this industry, just a time of growing pains. ■

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Duquesne Light	•/•	24	12.5%	11.0%	124.4%	14.7%	13	3.7%	12.7%	21	–1.2%	26.1%	$1,005
DPL	76/•	25	12.1	11.7	119.2	9.7	20	0.8	6.0	24	–4.4	–25.2	974
IE Industries	75/89	26	11.5	13.6	106.5	8.3	24	0.0	2.1	22	–1.8	6.3	427
Kansas Gas & Elec	•/•	27	9.9	10.5	111.3	14.8	5	7.7	0.5		NM	500.0+	519
Nipsco Industries	60/•	28	5.5	7.8	130.1	6.6	28	–4.2	2.3		NM	60.9	1,491
CMS Energy	58/77	29	def	20.2	205.0	9.8	19	0.8	0.8		NM	46.0	2,880
Medians			**14.7**	**13.6**	**100.0**	**11.6**		**2.7**	**3.2**		**0.8**	**0.0**	
Southeast													
Florida Progress	65/•	1	15.8%	13.8%	80.6%	8.7%	1	10.8%	7.2%	1	11.9%	–9.5%	$2,010
Southern Company	•/•	2	15.1	12.0	127.4	10.7	5	7.6	3.4	10	–0.8	7.8	7,240
Scana	72/•	3	14.9	13.3	96.6	10.8	8	4.9	–5.4	4	7.0	–13.8	1,066
TECO Energy	•/89	4	14.8	14.6	82.8	11.4	3	10.5	7.0	3	7.4	0.0	1,022
Duke Power	•/•	5	14.4	14.4	66.9	14.1	2	10.8	0.8	6	5.7	4.8	3,681
Carolina Power & Lt	•/•	6	14.2	8.0	94.6	10.0	6	6.5	7.8	8	4.9	–41.4	2,219
FPL Group	81/NA	7	13.8	13.9	103.0	9.2	4	8.2	9.8	7	5.6	9.2	4,739
Louisville G&E	75/•	8	13.6	13.5	80.2	12.9	10	2.1	0.4	5	6.7	7.4	644
Dominion Resources	•/NA	9	13.2	14.2	133.3	13.3	7	6.3	–0.9	2	8.4	–3.9	3,260
Kentucky Utilities	•/•	10	13.1	15.9	69.7	14.4	9	2.8	–0.3	9	2.6	24.1	556
Medians			**14.3**	**13.9**	**88.7**	**11.1**		**7.1**	**2.1**		**6.2**	**2.4**	
South central													
Southwestern Pub Svc	•/•	1	19.6%	16.8%	79.7%	13.8%	2	5.0%	2.9%	4	2.6%	14.7%	$794
Central & So West	•/•	2	16.3	14.9	101.1	14.9	7	0.0	3.7	2	6.9	0.0	2,512
El Paso Electric	75/•	3	16.0	6.8	110.3	13.1	1	8.1	18.6	8	–14.6	–24.5	392
Texas Utilities	•/•	4	15.4	13.1	107.4	16.3	3	4.6	1.7	3	3.7	–7.3	4,131
Houston Industries	83/NA	5	15.3	12.6	102.9	11.7	8	–1.9	0.2	1	13.6	–8.2	3,596
Oklahoma G&E	•/•	6	13.8	17.0	82.7	13.5	6	3.5	0.4	5	0.2	33.6	1,091
Gulf States Utils	•/NA	7	12.8	4.1	97.7	9.7	6	2.1	3.8	6	–5.1	–47.6	1,490
Middle South Utils	•/NA	8	11.1	7.2	128.2	9.4	4	4.2	–0.1	7	–7.4	–26.3	3,471
Medians			**15.4**	**12.8**	**102.0**	**13.3**		**3.8**	**2.3**		**1.4**	**–7.8**	
Western													
Tucson Electric	•/•	1	18.8%	16.4%	104.2%	24.3%	6	6.7%	19.0%	3	6.9%	3.3%	$537
San Diego G&E	66/•	2	16.4	14.5	86.9	9.2	8	5.0	16.7	6	1.1	51.9	2,080
SCEcorp	•/•	3	16.1	16.3	109.2	13.5	7	5.3	13.2	4	3.2	27.3	6,127
PacifiCorp	49/62	4	15.9	15.1	93.0	13.1	3	9.0	2.5	7	0.9	6.8	2,227
Pinnacle West	67/NA	5	13.9	8.2	121.7	13.3	9	4.9	8.2	8	–1.0	–30.4	1,404
Pacific G&E	66/80	6	13.2	7.7	100.4	9.1	11	2.5	2.1	12	–7.3	–4.0	7,433
Public Service Colo	65/83	7	13.1	15.9	85.7	8.8	12	0.7	1.7	5	1.9	–4.4	1,692
Public Service NM	68/86	8	12.0	def	96.2	def	1	14.1	11.5	10	–7.0	P-D	792
Montana Power	51/54	9	11.8	9.4	63.6	10.4	4	7.1	10.8	11	–7.1	30.0	720
Portland General	•/•	10	11.6	8.1	98.3	9.4	5	7.0	–0.9	13	–23.5	500.0+	753
Hawaiian Electric	89/•	11	11.4	10.5	84.0	6.4	13	–2.2	16.8	1	11.7	–8.6	704
Utah Power & Light	•/•	12	11.3	14.9	108.1	16.2	10	4.8	3.4	9	–3.1	67.7	1,019
Puget Sound P&L	•/•	13	9.9	13.9	95.2	16.4	2	9.8	7.4	2	10.1	4.9	768
Medians			**13.1**	**13.9**	**96.2**	**10.4**		**5.3**	**8.2**		**0.9**	**4.9**	
Industry medians			**13.9**	**13.4**	**100.2**	**11.1**		**4.1**	**3.4**		**2.6**	**0.3**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

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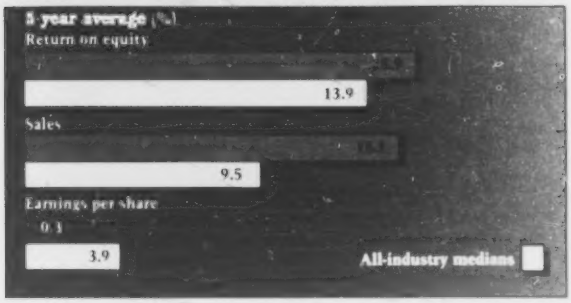
FINANCIAL SERVICES



It pays to be where the action is. In financial services the action last year was in tax complexity, mergers and plastic money.

By Matthew Schifrin

LET THE MEDIA AND THE politicians bemoan the merger-and-acquisition game; Wall Street loves it. No wonder.

More than 50% of the pretax earnings at Morgan Stanley, First Boston and Shearson came from merger-related business this year. Morgan Stanley's shares moved up nearly 60% since January on the strength of merger-related income, as well as fees from $3 billion worth of junk bond underwritings. PaineWebber's brokerage business was a loser during the year, and altogether the firm would have lost 30 cents a share had it not been for the merchant banking profits from a single transaction—the sale of National Car Rental last summer, which brought in $46 million, or $1 a share. Merrill Lynch's brokerage business was flat at best, but the firm should nonetheless report year-end overall earnings gains of 23% over last year. Reason? Merger activity helped mightily, but Merrill also kept its 12,000 account executives busy. Was the retail customer disenchanted with the stock market? Yes, but Merrill's salespeople were out selling packaged products such as bond funds and insurance.

Obviously, the merger fever won't last forever—although it may well have a good way to go. Morgan Stanley, Salomon Inc. and Bear Stearns are hedging their bets through stock buybacks against the day when the lucrative merger business quiets down. What happens when the honeypot dries up? Outfits like Merrill and Shearson, with their big selling

"Not another Texas bank"

You could hardly think of a worse business to be in last year: Guaranteeing mortgages on Texas real estate. That's a big chunk of what Dallas-based Lomas Financial Corp. (1988 revenues, $1.2 billion) does. Of course, its 600,000 single-family mortgages worth some $22 billion span 50 states, but Texas is not the only real estate market in trouble. For 1988, Lomas reported its only loss since 1965—$56 million, or $1.65 a share. Lomas' stock, which traded as high as $39 in early 1987, now sells for around $12.

But this particular invalid has an excellent prognosis. Since 1984 Lomas Financial's smart chief executive, Jess Hay, has aggressively restructured the firm so that mortgage banking now accounts for less than 25% of the business. Besides mortgages, there's a $1.6 billion (assets) retail banking operation that includes a brisk credit card business. Lomas also has various life insurance subsidiaries and a commercial leasing unit. Non-real-estate businesses last year accounted for some $138 million in operating profits, substantially lessening the hit from mortgage banking losses.

Jess Hay of Lomas Financial Shelly Katz

In anticipation of a dividend cut, institutions have been unloading the shares, which helps explain Lomas' $12 stock price. Frank Anderson, an analyst at Little Rock-based Stephens Inc., notes that continued selling should create an excellent buying opportunity for long-term investors, once year-end tax selling ends.

Anderson argues that a dividend cut to, say, $1.00 from the current $1.40 would still produce a yield of nearly 8%. Moreover, Lomas' strong cash flow from other businesses should produce earnings of at least $1.10 per share in 1989, even if interest rates continue to rise. "This is not going to be another Texas bank," he says.

FINANCIAL SERVICES

networks, are in good positions to make money handling the financial affairs of the growing millions with capital to invest or an old age or college education to take care of. Meanwhile, the internationalization of business and the constant restructuring offer plenty of opportunities for growth in the years ahead. In short, Wall Street won't necessarily starve when the current wave of leveraging slows.

Moving into other financial services, H&R Block, Student Loan Marketing, Beneficial Corp., Equifax and Fannie Mae all reported record earnings in 1988.

H&R Block can thank tax reform for its splendid returns. Every time Congress writes new complexity into the tax code, it drives more and more citizens into the arms of professional tax preparers. With no simplification in sight, it is hard to see how H&R Block can lose. H&R Block has also been building up its database communications firm, CompuServe, as well as an office temps firm. As H&R Block benefits from tax complexity, so American Express benefits from the trend away from paper to plastic money. American Express posted an impressive year thanks largely to its credit cards, whose membership and earnings, despite aggressive competition, continue to grow by more than 15% annually.

The biggest loser in financial services is Dallas-based Southmark Corp., a $9.1 billion (assets) real estate and financial firm that ranked third in five-year average return on equity on our list last year, when it traded as high as 10. Today Southmark is on the brink of bankruptcy, and its shares languish at 2. Depressed real estate markets have squeezed the cash flow it needs to service its huge debt.

Another firm in virtually the same businesses as Southmark—and also carrying lots of high-yield debt, Drexel ties and a load of risky real estate investments—is Phoenix-based American Continental. This year it ranks second on our list in return on equity. A recent flurry of short selling in the stock (FORBES, *Dec. 26, 1988*) could mean trouble ahead for American Continental. ■

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Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Financial companies													
Student Loan	•/•	1	35.4%	40.6%	500.0+%	10.3%	7	15.1%	35.8%	2	30.8%	30.9%	$2,080
American Continental	31/14	2	34.3	41.2	500.0+	def	5	24.1	–4.8	7	10.6	123.7	696
Equifax	•/•	3	24.5	26.1	14.3	4.8	9	9.5	10.1	4	16.8	23.4	720
H&R Block	54/72	4	23.3	23.8	1.3	10.9	6	20.0	13.2	5	12.7	17.8	790
Lomas Financial	80/DP	5	21.8	def	3369	def	3	32.0	59.9	6	11.4	P-D	1,259
Southmark	54/•	6	18.6	def	166.0	def	1	47.0[c]	36.1	8	3.9	P-D	3,035
PHM Corp	45/DP	7	18.0	1.3	500.0+	0.3	8	11.7	–7.4	9	–20.2	–87.9	1,099
Household Intl	53/60	8	16.0	22.6	500.0+	5.4	16	–20.8	35.4	3	18.6	1.6	4,328
American Express	•/•	9	14.7[b]	16.8	277.7	3.4	4	29.2	22.1	1	63.0[d]	–46.0	21,495
Gulf & Western	38/41	10	9.6	17.6	61.1	7.3	14	–8.2	19.7		NM	30.4	5,073
Integrated Resources	31/78	11	9.3	6.8	152.5	3.4	2	33.5	28.6		NM	–33.8	1,386
Federal Natl Mortgage	•/•	12	7.9[b]	30.0	500.0+	5.2	11	7.1	8.5		NM	265.1	10,621
Kansas City Southern	30/46	13	7.5	5.9	82.2	3.5	12	5.5	2.4		NM	D-P	515
Beneficial Corp	87/•	14	6.3	15.9	385.7	9.9	15	–9.8	2.0		NM	D-P	1,228
Cigna	33/34	15	5.1	9.1	7.0	2.8	10	8.4	4.1		NM	–38.7	17,588
Commercial Credit	•/•	16	3.2	14.5	204.3	10.4	13	0.7	–3.5		NM	500.0+	947
Medians			**15.3**	**16.3**	**241.0**	**4.1**		**10.6**	**11.6**		**–8.2**	**20.6**	
Brokerage houses													
Shearson Lehman	•/•	1	20.0%	1.3%	301.8%	0.5%	2	38.2%	50.1%	3	0.4%	NA	$9,428
First Boston	•/•	2	19.2	11.0	34.1	3.6	5	22.2	7.2	4	0.2	–21.1%	3,654
AG Edwards	•/•	3	18.5	9.8	0.0	5.6	9	14.5	–9.9	1	6.2	–46.3	486
Salomon	•/47	4	15.9	6.5	172.3	4.3	6	20.0	–11.5	6	–11.5	–23.0	5,662
PaineWebber Group	•/•	5	14.2	3.5	34.0	2.1	7	17.0	–4.7	5	–5.0	–65.0	2,357
Merrill Lynch	79/75	6	12.5	5.8	188.4	1.9	8	16.9	–5.7	2	5.9	–67.8	10,179
Bear Stearns Cos	•/•		NA	0.0	38.5	NA	4	29.4	NA		NM	NA	NA
Morgan Stanley	•/•		NA	30.3	54.4	8.7	3	36.1	19.9		NM	21.0	3,666
Charles Schwab	•/•		NA	0.0	115.6	def	1	43.5	–0.6		NA	NA	414
Medians			**17.2**	**5.8**	**54.4**	**2.8**		**22.2**	**–2.6**		**–2.4**	**–34.7**	
Commodity traders													
Universal	32/21	1	18.7%	18.0%	23.6%	2.4%	3	8.2%	15.7%	1	10.5%	2.9%	$2,570
Std Commer.	46/44	2	12.4	7.3	31.7	1.3	1	11.3	21.5	2	6.3	–19.3	822
Commercial Metals	54/20	3	8.0	16.6	19.7	2.2	4	–3.1	29.4	3	5.0	150.0	1,129
Balfour Maclaine	•/•		NA	def	132.6	def	2	10.9	55.9		NM	P-D	1,075
Medians			**12.4**	**11.9**	**27.7**	**1.8**		**9.6**	**25.4**		**5.6**	**–8.2**	
Industry medians			**15.9**	**9.8**	**132.6**	**3.4**		**15.1**	**11.6**		**0.3**	**–8.8**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

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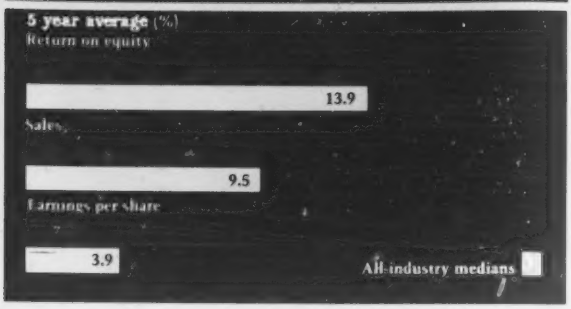

Many supermarkets have been stocking up on debt. That means opportunity for conservatively run competitors.

By Ralph King Jr.

DURING 1988 Kohlberg Kravis Roberts & Co., the leveraged buyout firm, became the nation's biggest supermarket operator—which speaks volumes for what's been going on in this long-neglected industry. One way or another, chains are being either taken private or taken over. Thus, Stop & Shop Cos., Farm Fresh, Cullum Cos., Lucky Stores, Godfrey Co. and Southland Corp. are now gone from our list. Kroger Co. and Delchamps borrowed heavily to remain independent. The food retailers are takeover bait because of their valuable real estate as well as their stable cash flows, which help

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Wholesale and supply													
Marriott	46/33	1	22.2%	27.4%	412.6%	3.2%	3	20.6%	13.8%	3	19.2%	16.9%	$7,121
Super Valu Stores	77/74	2	21.2	18.1	76.4	1.3	7	13.4	5.6	7	8.0	22.4	9,808
Super Rite Foods	60/•	3	19.2	18.2	49.9	1.0	2	23.9	10.4	8	3.2	70.9	684
Sysco	•/•	4	17.5	18.2	108.8	1.9	6	16.5	28.2	5	10.6	48.2	4,899
Wetterau	•/79	5	16.8	19.2	161.1	0.9	8	12.8	17.8	4	10.9	13.8	4,588
Super Food Services	•/•	6	16.7	17.3	77.3	0.9	12	6.1	2.5	2	24.2	20.2	1,573
Fleming Cos	•/•	7	14.2	9.0	167.2	0.5	5	18.1	11.3	11	–2.1	–16.2	9,377
Intl Multifoods	48/27	8	13.1	10.0	27.2	2.0	10	9.0	18.7	10	–0.5	–40.9	1,801
Nash Finch	68/67	9	13.1	15.0	44.7	1.0	9	11.4	5.4	6	8.5	27.0	2,046
TW Services	59/42	10	12.2	14.3	235.7	1.8	4	19.0	64.0	1	80.7[d]	160.8	3,502
Rykoff-Sexton	•/•	11	11.2	12.6	46.5	1.5	1	31.6	8.4	9	0.2	41.3	1,179
Di Giorgio	79/47	12	3.4	8.7	69.7	1.0	13	1.3	2.2		NM	D-P	1,007
Finevest Foods	•/•		NA	15.0	113.4	0.5		NA	31.2		NA	–15.8	622
Richfood Holding	•/•		NA	0.0	101.6	def	11	6.5	15.7		NA	NA	1,123
Medians			**15.5**	**15.0**	**89.5**	**1.0**		**13.4**	**12.6**		**8.2**	**22.4**	
Major supermarkets													
American Stores	79/76	1	23.2%	12.0%	276.5%	0.9%	1	15.5%	9.4%	3	6.0%	–6.0%	$15,433
Albertson's	•/•	2	20.0	22.7	25.2	2.4	3	8.2	13.5	2	13.6	38.0	6,404
Winn-Dixie Stores	•/•	3	18.3	16.6	11.9	1.3	5	5.4	2.5	4	1.3	7.9	9,040
Kroger	•/•	4	12.8	18.6	74.5	1.1	4	7.1	6.7	5	–8.4	62.6	18,813
Great A&P Tea	•/•	5	11.3	13.6	39.0	1.2	2	15.3	6.6	1	33.9	28.3	9,761
Medians			**18.3**	**16.6**	**39.0**	**1.2**		**8.2**	**6.7**		**6.0**	**28.3**	
Regional supermarkets													
Mayfair Super Markets	•/•	1	42.6%	39.6%	155.3%	2.1%	10	8.7%	17.6%	2	43.4%	22.4%	$574
Food Lion	•/•	2	29.7	31.4	40.0	3.0	1	26.0	25.2	5	30.7	37.5	3,502
Bruno's	•/•	3	26.0	18.9	62.2	2.2	3	16.8	45.6	10	17.4	21.8	1,978
Big Bear	78/72	4	25.4	17.7	25.7	1.8	15	6.3	6.8	12	12.3	21.0	930
Giant Food	•/•	5	22.8	24.1	58.1	3.0	12	8.1	7.3	13	12.1	70.7	2,837

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FOOD DISTRIBUTORS

support big debt loads in good times and bad.

With their balance sheets now strained, some supermarket chains will be forced to raise food prices, cut costs, curtail expansion and perhaps sell assets. That will not please consumers, but it should delight conservatively financed chains, such as Albertson's, which may be able to exploit competitors' weaknesses and expand market share. Foreign-controlled operators, like Great Atlantic & Pacific Tea Co. and Food Lion, with over 11% of the U.S. food retail business already and considerable staying power, are expected also to increase market share in the year ahead.

Wholesalers, which supply independent stores that compete directly with chains, stand to gain from the situation as well. Some chains are turning to wholesalers rather than operate their own warehouses or build new ones. As a result, patient investors in these companies are finally seeing some payoff. Super Valu Stores' stock is up 30% year-to-date, Nash-Finch Co. climbed 36% and Wetterau rose 38%.

Another plus for wholesalers: Massive consolidation that has swept the industry for several years is producing some

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Fred Meyer	32/NA	6	21.2%	14.4%	44.8%	1.8%	8	11.0%	10.1%	7	27.3%	17.4%	$1,938
Weis Markets	•/•	7	19.0	17.8	0.0	7.0	13	6.9	2.8	14	11.4	11.1	1,153
Hannaford Bros	•/•	8	19.0	19.4	53.0	2.3	5	13.1	16.1	11	16.4	16.7	1,178
Schultz Sav-O Stores	•/•	9	16.4	17.6	92.7	0.7	17	2.9	–0.3	6	30.4	4.9	419
Arden Group	73/42	10	15.8	45.4	97.6	2.7	21	–5.8	–4.2	3	37.8	94.3	352
Ingles Markets	•/•	11	15.4[b]	12.4	58.1	1.6	6	12.1	16.0	9	18.1	12.7	749
Delchamps	•/•	12	15.1	13.6	59.1	1.1	9	9.2	8.0	17	–2.7	40.8	872
Village Super Market	•/•	13	14.1	14.7	91.0	1.0	7	11.9	9.5	4	35.9	6.4	621
Ruddick	82/48	14	13.4	14.0	69.7	1.7	4	14.6	13.6	15	4.2	26.0	1,104
Marsh Supermarkets	77/NA	15	11.5	13.4	111.4	0.9	11	8.5	8.8	8	24.9	–0.3	877
Seaway Food Town	•/•	16	8.0	41.4	108.3	1.8	20	–1.1	–2.1	16	–1.0	312.6	448
Craig	NA/NA	17	7.5	19.3	398.6	0.4	2	17.9	9.0		NM	36.6	1,041
Foodarama Supermkts	•/•	18	7.2	15.6	84.0	0.9	18	2.3	2.3	1	56.5	130.8	489
Borman's	•/•	19	def	def	500.0+	def	19	0.9	–4.8		NM	P-D	1,016
Penn Traffic	•/•		NA	43.2	479.1	0.7	16	4.7	8.7		NM	NA	653
Vons Cos	•/•		NA	def	337.7	def	14	6.7	10.4		NA	D-D	3,541
Medians			**15.8**	**17.7**	**84.0**	**1.7**		**8.5**	**8.8**		**16.9**	**21.4**	
Convenience stores													
Circle K	•/•	1	23.5%	14.8%	245.9%	1.8%	2	30.6%	14.9%	1	19.6%[d]	12.1%	$2,738
Dairy Mart	76/DP	2	16.7	15.8	209.4	0.9	1	73.3	6.4		NM	D-P	512
Natl Convenience	•/•	3	12.6	0.3	461.0	0.0	3	8.4	13.8		NM	D-P	965
Munford	68/PD	4	7.4	def	56.7	def	4	4.5	–10.3		NM	D-D	401
Medians			**14.6**	**7.6**	**227.6**	**0.5**		**19.5**	**10.1**		**NM**	**12.1**	
Restaurant chains													
McDonald's	•/•	1	22.6%	21.4%	85.9%	11.7%	5	12.0%	15.6%	3	14.1%	18.5%	$5,341
PepsiCo	36/26	2	22.4	28.5	84.5	5.9	8	7.9	10.3	1	25.0	28.0	12,290
Shoney's	84/77	3	20.5	17.8	NE	7.2	1	16.3	5.2	2	14.8	15.0	742
Collins Foods Intl	•/•	4	18.2	13.6	13.5	4.7	2	13.7	4.9	6	8.0	8.6	557
Pillsbury	42/25	5	16.6	5.2	72.4	1.1	3	13.6	0.3	5	8.2	–62.9	6,217
Morrison	61/79	6	14.1	17.5	11.0	4.1	7	9.5	15.5	8	–0.3	35.3	712
Jerrico	•/•	7	13.2	8.3	52.2	2.8	9	7.0	6.8	7	4.2	–22.7	645
Wendy's Intl	•/•	8	12.7	6.3	43.9	2.4	4	12.8	2.0		NM	500.0+	1,054
Church's Fried	•/•	9	10.1	1.6	7.1	1.0	12	–0.6	–2.2	9	23.9	–56.0	403
Horn & Hardart	25/24	10	2.0	def	295.9	def	6	10.4	7.9		NM	P-D	471
Foodmaker	•/•		NA	16.0	451.0	2.3	11	3.4	39.0		NA	20.0	832
General Mills	28/18		NA	73.7	43.7	9.4	10	5.5	0.3	4	9.2	118.1	5,284
Medians			**15.3**	**14.8**	**48.1**	**3.4**		**10.0**	**6.0**		**8.0**	**16.7**	
Industry medians			**16.1**	**15.7**	**75.4**	**1.4**		**9.5**	**8.7**		**8.8**	**20.6**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

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FOOD DISTRIBUTORS

powerful players. The big three here are Super Valu, Wetterau and Fleming Cos. As distribution systems become increasingly capital intensive, these giants will continue to outpace undercapitalized rivals.

Merchandising tactics are changing, too. "Piling high and selling cheap wears thin for the consumer," says food marketing analyst Philip Lempert. Baby boomers are willing to pay a few cents more for ketchup in exchange for better nutritional information and more product sampling at the store, and for decor that is less impersonal. One Minnesota chain, Byerly's, has put in chandeliers and carpeted the aisles.

Supermarkets are not the only ones threatened by the takeover wave. Grand Metropolitan Plc.'s attack on Pillsbury Co. has exposed widespread discontent among franchisees of its Burger King Corp. subsidiary. The vulnerability of the number two chain can only bolster McDonald's already commanding lead in the burger wars. Wendy's International, meanwhile, is suffering from unsuccessful new products and poor service, and has forfeited third place to lookalike Hardee's Food Systems. ■

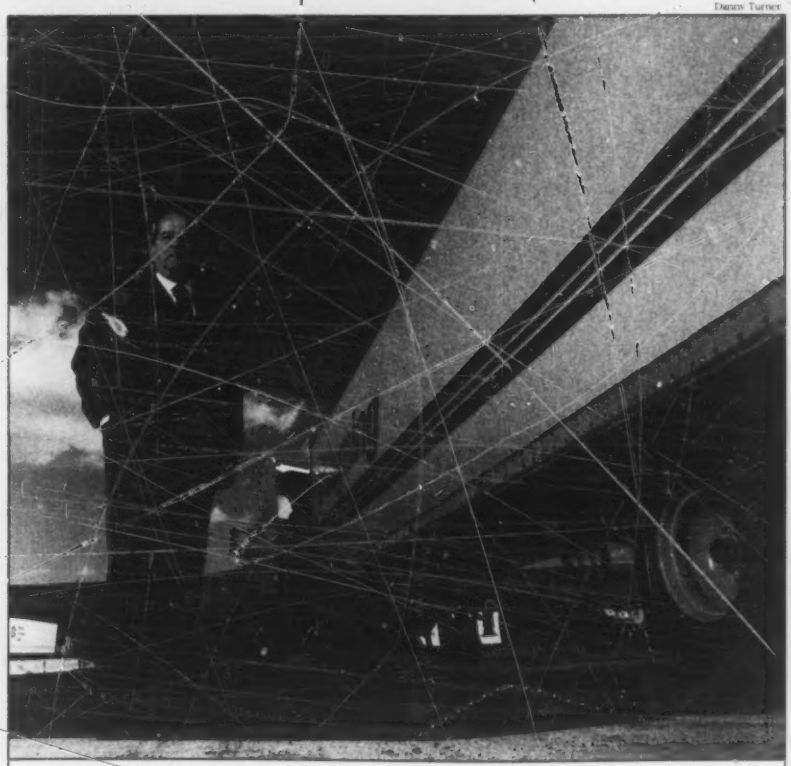
Unsung giant

Most people have never heard of Fleming Cos., yet groceries sold by 5,700 supermarkets in 37 states must first skid along conveyors in one of its cavernous warehouses. Since 1984 the Oklahoma City-based kingpin of food wholesaling has spent $870 million on acquisitions and more than doubled sales to an annualized rate of about $12 billion.

Fleming's growth has been swift but extremely painful. Its return on equity, after years in the 14%-to-18% range, has been in single digits since 1985. And Fleming's stock has been a heartbreaker. In 1987 it plunged from 45 to 22, and recently traded at 34.

Everything has gone wrong. First, depression in the farm and oil industries punished its operations in those regions. Next, the company bought two nonprofit cooperatives that gave Fleming overnight dominance in the northern California and Phoenix markets but have proved damnably slow to pick up profitmaking ways. Finally, the wholesaler took a 15-week strike last year, which chipped at least 30 cents off its 1988 per-share earnings, now estimated at $2.30.

Danny Turner



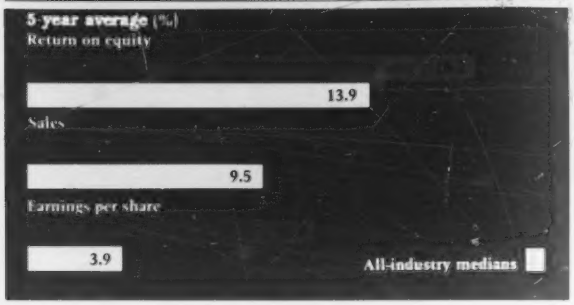
Fleming Cos.' Richard Harrison

But the company's fortunes are about to change. Two fresh acquisitions, Malone & Hyde and Godfrey Co., give Fleming strength in healthy parts of the country, and both are highly profitable. At long last, too, the troublesome co-ops are beginning to pull their own oars.

Further, major retail chains are farming out more and more of their distribution business, mostly to the biggest firms with sophisticated handling systems. Today, a 600,000-square-foot warehouse costs $60 million, six times more than a few years ago. Says Fleming Chairman Richard Harrison, 65: "The price of poker is going up." The 35-year Fleming veteran directed the expansion drive but managed to keep the balance sheet sound. Once the company's planned stock offerings are completed, its debt-to-capital ratio will be 54%.

Analysts are confident that Fleming will earn about $3.30 per share this year, and that means, given its price/earnings ratio of nearly 15 on estimated 1988 earnings, the stock could easily surpass a price of $42 before 1990 arrives.

FOOD PROCESSORS



Drought or no drought, in a "business of brands" the big boys will always stand out.

By Janet Novack

FOR BRANDED FOOD COMPANIES, 1988 was a year of famine into feast. At midyear the group lagged the market, held back by misplaced fears that a worsening drought in key farm areas would squeeze margins. Then the stocks took off, fueled by spectacular takeovers, such as Kohlberg Kravis Roberts' $25 billion leveraged buyout of RJR Nabisco.

By year's end 8 companies on our 1988 list of 44 had either changed hands or seemed likely to do so. Through it all, most

Seeds of a turnaround

Pioneer Hi-Bred International Inc.—the nation's leading supplier of hybrid corn seed—is a proud Iowa institution. But in recent years it's had about as much investment allure as a bushel of Iowa farm loans.

From fiscal 1985 to 1987, Pioneer's earnings fell 47%, to $1.69 a share, as the federal government required farmers on the subsidy train to idle more of their fields. Fewer acres means fewer seeds planted. What's more, as farmers cut costs, they turned to Pioneer's cheaper rivals, cutting its market share 3.5 percentage points, to 34.5% of the business. Result: In early December 1988 Pioneer's stock traded at 32, off 16% from its 1985 close. By contrast, the S&P foods index rose 76% in the same period.

Thomas Urban of Pioneer Hi-Bred Curt Mass

But the 1988 drought and a heightened concern for stockholders have changed the outlook. The drought cut corn stockpiles by two-thirds, so Washington will allow acreage to climb about 13% in 1989. That means seed demand is set to rise, and Pioneer, headed by Chairman Thomas Urban, will be the biggest single beneficiary. Meanwhile, Pioneer has cut overhead and has finally ditched a misguided venture into computers that cost it almost $1.25 a share over the last three fiscal years.

In fiscal 1988 (ended in August) Pioneer earned $65 million, or $2.05 per share, on sales of $875 million. But Prudential-Bache analyst John McMillin now sees net of $2.40 a share in fiscal 1989, and in 1990—the real turnaround year—$3.75.

One sign of Pioneer's long-term staying power is that even during its lean years the company has pumped more money—some 6% of sales in 1988—into research and development. It now has some promising new hybrids that should give it a bigger advantage over rivals as seed demand firms again.

What could go wrong? If there's a drought in 1989, Pioneer might not have enough seed to sell in 1990. (It is planting extra acres in 1989 as a hedge, but will use up its stockpiles this year.) And there's always the danger that Washington will fiddle with farm programs again, playing havoc with the entire market. So no guarantees, but lots of potential.

FOOD PROCESSORS

large branded food producers continued to churn out the kind of predictably strong earnings and return on equity that make them such tempting targets.

Will the takeover action change the outlook in this sector much? Probably not. "It's a business of brands," says General Mills Grocery Products Food Group President Arthur Schulze. "Whether Maxwell House is owned by [an independent] General Foods or by a General Foods owned by Philip Morris doesn't make any difference." Of course, the competitive landscape could change if merged companies wind up

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Food commodities													
Savannah Foods	•/•	1	19.1%	11.4%	47.0%	1.5%	1	13.1%	10.7%	4	–10.8%	6.8%	$891
Pioneer Hi-Bred Intl	82/•	2	17.1	11.3	4.8	7.1	2	11.7	4.2	2	1.6	14.8	875
Intl Multifoods	52/73	3	13.1	10.0	27.2	2.0	3	9.0	18.7	3	–0.5	–40.9	1,801
Archer-Daniels	•/•	4	10.5	14.5	25.5	5.0	4	8.4	19.9	1	12.6	28.9	7,183
Medians			15.1	11.4	26.4	3.5		10.3	14.7		0.6	10.8	
Meatpacking													
Pilgrim's Pride	•/•	1	68.4%[b]	def	176.4%	def	3	12.6%	20.1%	1	65.1%[d]	P-D	$506
Hudson Foods	•/•	2	44.9	5.3%	175.1	0.7%	5	9.9	28.0	4	28.2[c]	–70.9%	549
Tyson Foods	•/•	3	30.7	30.2	64.6	4.2	1	29.2	8.4	2	50.5	19.8	1,936
Holly Farms	46/DP	4	18.4	16.5	48.8	3.3	7	3.6	16.8	5	25.3	2.1	1,704
Smithfield Foods	•/•	5	17.1	36.1	61.8	2.1	2	22.2	–18.8	3	43.9	105.8	813
United Brands	56/3	6	13.3	16.0	91.8	1.9	9	–1.2	6.4	6	11.9[d]	30.2	3,442
Geo A Hormel	•/•	7	12.4	16.2	5.2	2.6	4	10.3	7.9	7	11.4	4.7	2,293
Thorn Apple Valley	•/•	8	1.0	12.1	86.2	0.7	8	–0.8	–1.7		NM	D-P	591
Wilson Foods	•/•	9	def	9.3	82.6	0.5	10	–10.6	–1.8		NM	62.5	1,324
IBP	•/•		NA	12.3	82.2	0.6	6	7.1	17.2		NA	26.6	8,658
Medians			17.1	14.2	82.4	1.3		8.5	8.2		25.3	23.2	
Branded foods													
Kellogg	•/•	1	40.4%	38.2%	28.4%	10.9%	8	10.5%	16.1%	7	17.3%	21.0%	$4,222
Ralston Purina	67/51	2	35.2	41.1	143.6	6.6	24	4.5	0.1	1	50.7	–22.6	5,876
Philip Morris Cos	45/15	3	28.4	33.2	70.9	9.3	2	22.1	8.0	4	20.6	31.2	24,250
Dean Foods	•/•	4	23.2	17.8	18.4	2.8	3	14.2	9.6	12	11.9	9.2	1,573
HJ Heinz	•/•	5	23.0	26.0	33.3	7.4	23	4.8	11.9	9	12.8	17.1	5,376
PepsiCo	28/41	6	22.4	28.5	84.5	5.9	15	7.9	10.3	3	25.0	28.0	12,290
RJR Nabisco	60/33	7	21.2	22.9	95.3	8.1	5	12.9	5.2	14	11.3	17.4	16,657
ConAgra	64/61	8	21.1	20.9	59.8	1.7	1	39.4	7.6	5	19.2	14.5	9,828
Quaker Oats	85/80	9	20.6	19.9	23.9	4.8	7	10.6	16.2	2	27.7	3.0	5,494
Kraft	•/•	10	20.5	61.8	35.6	10.6	20	5.4	11.8	6	18.8	163.7	10,856
Sara Lee	48/46	11	20.2	21.0	64.2	3.1	14	8.3	14.5	13	11.8	22.0	10,775
Wm Wrigley Jr	•/•	12	19.5	29.9	0.0	9.9	17	6.1	14.6	8	16.3	34.4	873
Flowers Industries	•/•	13	19.3	21.9	49.6	5.6	6	11.0	–6.4	15	10.7	53.0	741
Hershey Foods	76/86	14	18.5	25.0	34.2	9.6	11	8.9	–9.3	17	10.1	44.4	2,162
CPC International	80/82	15	17.9	26.3	58.3	6.2	25	3.6	–9.1	10	12.5	–14.5	4,585
Curtice Burns Foods	•/•	16	17.1	18.7	200.2	2.1	18	5.6	7.2	20	3.1	45.6	705
Pillsbury	58/75	17	16.6	5.2	72.4	1.1	4	13.6	0.3	19	8.2	–62.9	6,217
McCormick & Co	•/•	18	16.2	12.2	57.4	3.0	12	8.8	10.6	22	–0.6	5.0	1,159
Campbell Soup	•/•	19	16.0	14.0	27.7	5.0	10	9.1	8.4	16	10.2	–1.8	4,869
Borden	71/66	20	15.5	18.0	70.9	4.2	13	8.4	16.4	11	12.5	17.4	7,064
Universal Foods	54/NA	21	14.1	16.2	53.4	3.8	16	7.1	1.6	21	1.1	19.1	721
Gerber Products	56/74	22	12.5	14.3	41.5	4.7	22	5.2	7.1	24	–13.0	93.4	1,003
Lancaster Colony	31/22	23	10.5	16.0	36.9	4.5	21	5.3	6.6	23	–11.0	13.4	459
IC Industries	33/45	24	7.1	17.3	68.6	7.6	26	1.8	–9.2		NM	53.0	3,700
American Maize	78/•	25	5.4	6.2	81.8	1.8	9	10.3	7.6		NM	–37.2	538
Castle & Cooke	•/•		NA	19.7	41.0	5.1	27	0.9[c]	25.5		NM	278.6	2,182
General Mills	72/82		NA	73.7	43.7	9.4	19	5.5	0.3	18	9.2	118.1	5,284
Medians			19.3	20.9	53.4	5.1		8.3	7.6		11.3	19.1	
Industry medians			18.2	17.8	57.4	4.2		8.4	8.0		11.6	19.1	
All-industry medians			13.9	14.1	45.7	4.9		9.5	11.6		3.9	18.4	

•90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation see page 77.

Ironically, 1988's drought could lead to even fatter processor margins late this year. How so? Given a normal 1989 harvest, grain prices should fall. But the packagers won't roll back their price hikes.

with so much debt that they cut back on marketing spending or otherwise milk their brands.

As for the drought's effects, prices of some food grains did rise 50% or so. But most packaged-food companies were able to pass these costs on to consumers. One reason for that pricing flexibility is that grains typically account for less than 10% of the retail cost of baked goods and cereals. Also, as Piper, Jaffray & Hopwood food analyst George Dahlman observes, "The media provided exceptional free advertising for price hikes by putting every dry cornfield in Iowa on the evening news."

In the unlikely event of another drought, packagers could face scattered shortages. Oats, newly in vogue with the health-conscious, are causing particular supply concerns. Ironically, 1988's drought could actually lead to even fatter processor margins late this year. How so? Given a normal 1989 harvest, grain prices should fall in the second half of the year. But the packagers won't roll back their price hikes.

Still, the branded group should show lower percentage earnings gains in 1989 than in 1988, largely because 1988 comparisons benefited from lower tax rates. Yet the 1989 gains still should average in the low to middle teens. True, at-home food consumption is barely growing. But leading processors will continue, through aggressive marketing, acquisitions and line extensions, to consolidate their market share in what is becoming—in one category after another—an oligopolistic industry. And they'll be pushing even more high-value-added products, particularly microwavable and single-serving packaged foods. "The growth in single-serve hand-held products has been driving our categories as much as anything I know. People are grazing through the kitchen," says Sara Lee Chairman John Bryan Jr. ■

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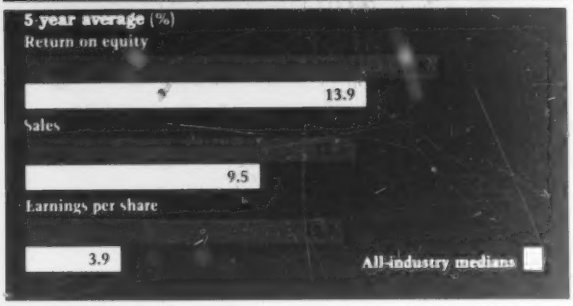


More patients and fewer beds. Those were the basic factors behind a bottoming out in this industry.

By Michael Fritz

AFTER THREE YEARS of precipitous declines the drop in hospital margins is easing. In fact, three of the five hospital companies on our list—Hospital Corp. of America, National Medical Enterprises and Humana—posted improved profit margins. This trend should bode well for nearly all sectors of the health industry in the year ahead.

What's behind the improvement? Growing ranks of the elderly and contraction in the number of hospital beds have ended the rise in vacancy rates. Make no mistake, hospital companies still face tough going. New admissions are coming from low-margin Medicare patients rather than from private patients, whose numbers are still declining. Still, Medicare rates are up 3.3% this year, versus the previous rise of around 1%, and that will help to narrow the gap.

So, with a growing sense that the worst may be over, executives at Health Management Associates and Charter Medical wasted little time in capitalizing on the market's dismal view of hospital stocks. They took their companies private through leveraged buyouts. Hospital Corp. of America's shareholders are expected to vote on a $3.6 billion LBO proposal in February.

Hospital companies continue to trim their exposure to low-margin general hospitals by building outpatient volume and by expanding into mental health and other specialty hospitals not subject to fixed fee reimbursements. Example: About half of National Medical's income now comes from psychiatric, drug abuse and rehabilitation hospitals, versus 16% in 1985.

Meanwhile, a shakeout continues among health maintenance organizations, where overeager expansion and poor management have caused severe losses and forced mergers. In contrast, firming hospital admissions and further cost-cutting helped supply companies show 23% earnings growth on only a 14% sales gain during the year.

Drugmaker profits were up moderately in the face of growing generic competition. An overall flat dollar didn't provide the currency lift of the past two years. Nearly half of the top 30 U.S. drugs are off patent and another 200 should come off by 1995. Lower manufacturing costs and sales of high-margin cardiovascular drugs—like Genentech's Activase and Merck's Vasotec—are helping. ■

Thank you, Medicare

Just two years ago Silver Spring, Md.-based Manor Care, Inc. was a big Wall Street winner. A mere $100 invested in this operator of nursing homes and Quality Inns in 1981 was worth almost $2,000 by 1987, excluding dividends.

But an overly ambitious nursing home expansion program, a $22 million aftertax loss in Beverly Enterprises stock and a writedown for unreimbursed Medicare charges pummeled earnings—from $41.5 million in 1987 to $37,000 last year. Investors dumped Manor Care stock, sending its price down from 19⅛ in the summer of 1987 to 9⅝ last spring.

Shaken, Manor Care Chairman Stewart Bainum Jr., 42, has pared back this year's expansion plans from 16 new nursing homes to 10. That should help stabilize Manor Care's margins and allow Bainum to meet his capital needs largely from internal cash flow.

Manor Care's Stewart Bainum Jr. Rhoda Baer

Bainum's business should also get a lift from changes made last spring in Medicare eligibility requirements and from passage of the Catastrophic Coverage Act. Both will bring more high-margin Medicare business his way.

Until recently, only 2% of all nursing home admissions qualified for Medicare coverage. But under the relaxed new crit[illegible] Manor Care's Medicare business has already tripled, from 2.5% last February to 7.5% currently. Prudential-Bache Securities analyst Seth Shaw expects that number to exceed 12% by May and grow to perhaps 20% by May 1990.

Although Washington is not likely to allow Medicare nursing home payments to grow unfettered indefinitely, any move to cut reimbursements won't likely occur for at least two years, says Shaw. For that long, at any rate, Manor Care should have clear sailing.

Yardsticks of management performance

Company	% in —segment— sales/profits	Profitability: Return on equity rank	5-year average	latest 12 months	debt as % of equity	net profit margin	Growth: Sales rank	5-year average	latest 12 months	Earnings per share rank	5-year average	latest 12 months	Sales: latest 12 mos ($mil)
Drugs													
American Home Prod	64/NA	1	34.8%	35.8%	1.4%	16.8%	22	1.6%	8.1%	14	9.5%	11.1%	$5,413
Abbott Laboratories	53/69	2	29.9	34.5	14.5	14.8	11	10.5	15.3	4	18.2	20.5	4,865
SmithKline Beckman	74/87	3	28.8	13.3	66.0	4.5	14	8.4	11.9	16	8.7	–60.7	4,671
Marion Laboratories	•/•	4	28.4	46.1	0.0	20.7	2	31.0	22.4	1	56.3	50.0	787
Merck	•/•	5	24.7	53.3	12.0	19.5	12	9.7	20.4	5	18.2	38.8	5,800
Bristol-Myers	69/77	6	24.3	25.0	5.7	13.8	15	8.1	11.6	11	13.1	16.7	5,854
Rorer Group	•/•	7	23.5	14.1	132.6	5.8	7	16.9	8.9	9	14.0	132.1	998
Eli Lilly	65/NA	8	23.1	23.2	11.0	18.4	19	5.0	6.0	13	10.0	14.0	3,932
Pfizer	63/79	9	21.5	19.8	5.9	14.9	16	6.9	10.1	10	13.5	11.4	5,292
Squibb	85/89	10	21.2	27.8	5.5	16.4	20	4.1	21.4	2	22.5	–18.0	2,514
Upjohn	82/•	11	18.1	20.7	14.6	12.[illegible]	17	5.7	9.0	6	17.6	16.4	2,692
Cardinal Distribution	•/•	12	17.8	22.5	79.4	2.6	1	34.1	3.6	7	15.4	126.1	604
Schering-Plough	69/75	13	16.0	25.7	12.2	12.9	13	8.5	9.8	15	9.0	29.7	2,893
Warner-Lambert	66/70	14	15.9	37.7	33.7	8.6	23	1.0	12.8		NM	20.6	3,820
Bindley Western Inds	•/•	15	15.1	3.9	122.6	0.1	6	17.8	26.3	20	–2.8	–65.8	1,212
Bergen Brunswig	80/83	16	14.6	18.2	98.3	1.0	4	26.5	3.3	19	0.3	117.6	3,486
Carter-Wallace	47/63	17	14.4	15.8	7.7	8.3	10	10.9	7.2	3	20.0	16.3	503
Alco Health Services	78/NA	18	12.7[a]	14.0	64.7	1.0	3	28.4	18.8	8	15.3[c]	11.5	2,059
Durr-Fillauer	61/54	19	12.7	8.6	65.4	0.9	5	21.7	9.8	17	8.1	–16.0	571
McKesson	72/58	20	12.6	13.4	60.8	1.3	8	13.8	3.4	18	5.2	8.3	7,185
American Cyanamid	39/46	21	12.1	15.2	26.5	6.7	21	3.1	10.1	12	12.7	15.6	4,514
National Intergroup	68/48	22	def	def	65.8	def	18	5.2	–32.5		NA	D-D	2,922
AH Robins	84/87	23	def[a]	NE	NE	def	9	12.1	11.5		NM	P-D	928
Medians			**17.8**	**19.8**	**14.6**	**8.3**		**9.7**	**10.1**		**12.9**	**15.6**	
Medical Supplies													
Pall	34/42	1	24.1%	21.4%	12.3%	13.4%	5	14.8%	11.4%	8	13.3%	18.3%	$429
CR Bard	•/•	2	20.1	24.8	11.1	10.2	9	11.7	18.5	5	17.8	27.6	733
Johnson & Johnson	33/27	3	19.1	27.5	19.9	10.8	12	6.4	14.2	12	5.8	25.5	8,828
Cooper Cos	•/•	4	18.5	def	164.8	def	1	34.9	75.4	7	15.8	P-D	919
Medtronic	•/•	5	18.4	23.4	1.1	13.0	13	5.7	34.5	11	7.8	27.6	714
Hillenbrand Inds	43/51	6	18.0	22.5	33.9	8.4	7	13.2	20.0	9	13.2	31.0	836
Bausch & Lomb	82/80	7	17.6	16.2	29.7	10.2	10	9.7	13.5	6	16.9	16.3	925
Millipore	NA/NA	8	14.9	16.2	30.1	8.8	6	14.3	21.3	10	10.5	20.8	606
Healthco International	•/•	9	14.4	10.7	42.2	3.3	8	12.5	13.4	1	51.8	66.4	443
Owens & Minor	64/66	10	13.4	11.7	49.4	1.2	4	22.2	27.1	3	19.0	4.9	698
Becton Dickinson	•/•	11	12.7	18.5	53.9	9.5	11	6.6	8.1	2	21.6	17.3	1,709
Baxter International	•/•	12	12.2	10.1	46.6	5.5	2	33.6	11.2	13	3.9	25.0	6,683
Corning Glass Works	30/34	13	10.9	19.3	29.4	14.1	14	5.4	6.9	4	18.7	90.5	2,118
Henley Group	26/41		NA	def	12.0	def	3	31.0	–19.8		NA	D-D	2,788
Medians			**17.6**	**17.4**	**29.9**	**9.2**		**12.9**	**13.9**		**15.8**	**22.9**	
Health care services													
United HealthCare	•/•	1	41.8%	def	100.1%	def	1	163.0%	17.3%		NM	D-D	$465
US Healthcare	•/•	2	36.3	5.8%	0.0	1.3%	3	67.2	21.6	3	22.7%	–78.3%	689
Manor Care	81/81	3	26.8	def	231.0	def	9	13.7	8.2	2	28.0	P-D	549
Humana	87/•	4	24.0	22.2	112.5	6.6	10	13.4	21.3	4	–4.1	23.7	3,435
National Medical	•/•	5	14.4	15.8	154.2	4.5	7	19.6	12.9	5	–7.3	124.4	3,308
American Medical	•/•	6	12.2	11.1	174.7	3.2	8	19.6	15.1		NM	–4.0	3,112
Hospital Corp	•/•	7	11.3	13.9	139.5	5.9	11	11.2	–18.9		NM	D-P	4,012
Universal Health	•/•	8	9.7	0.0	142.0	def	5	23.0	8.5	6	–40.3	P-Z	548
Beverly Enterprises	•/•	9	7.9	def	172.6	def	6	21.2	–5.3		NM	D-D	2,008
Maxicare Health	•/•	10	def	NE	NE	def	2	70.6	28.8		NM	D-D	1,885
FHP International	•/•		NA	52.3	121.5	3.3	4	39.2	41.4	1	47.3[d]	217.3	549
Medians			**13.3**	**5.8**	**139.5**	**1.3**		**21.2**	**15.1**		**–40.3**	**–78.3**	
Industry medians			**16.8**	**16.2**	**33.8**	**5.8**		**13.3**	**11.8**		**12.9**	**16.3**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

•90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. P-Z: Profit to zero. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

Cloning profits

After years of high hopes and low hypes, more than a score of bioengineered drugs, plants and animals will reach the market within the next three years. That is why FORBES' Annual Report on American Industry includes here, for the first time, a biotechnology group. Many of the firms in the accompanying table are poised for extraordinarily rapid growth as they move from developers to producers and marketers. All of these startups fall far short of the minimum criteria required for this survey. Yet we include the biotechnology industry because it is now uniquely positioned—perhaps more than any other group of companies—to change fundamentally the way we live.

That said, 1988 was a sobering year of smaller expectations. Genentech's much-trumpeted blood clot dissolver for heart attack patients—tissue plasminogen activator (t-PA)—became one of the bestselling first-year drugs in the history of the pharmaceutical industry. Yet so overblown were Wall Street's expectations that Genentech's stock was pounded, dropping 65% on the year. Its market capitalization, over $5 billion in 1987, is now $1.3 billion.

In many ways, Genentech was the lucky one. At least it is earning a profit—even after a $25 million earnings hit to cover excess inventory—and producing enough cash to finance its growth. The sad truth for the majority of biotech outfits is that there isn't enough cash to go around. With little investor interest in their stocks, companies are playing a waiting game, hoping that the money they raised in better times will see them through to market.

The less lucky scrambled to forge crucial ties with major pharmaceutical companies. With only $16 million in cash and several years to go before it gets to market, BioTechnology General could run out of money before its big hope ever reaches the market. In contrast, Chiron, a developer of vaccines against hepatitis and herpes, bought some time by selling Ciba-Geigy 1 million new shares.

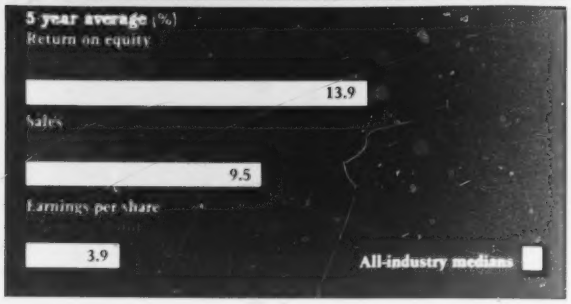
Patents continued to occupy biotech executives. Amgen is the outfit with the greatest potential for long-term profits, and its stock is one of the few trading above precrash levels. However, Stuart Weisbrod of Prudential-Bache is worried Amgen could tumble if it doesn't win or compromise in its current patent infringement battle over erythropoietin, a protein that stimulates the growth of red blood cells.

As clinical drug trials proceed toward marketing approval, analysts will be focusing on cash—how much of it companies have on hand and how fast it is being burned. The trick is to have raised enough money when the market was frothy. As Cetus Corp. cofounder Ronald Cape once told the *New York Times*: "The time to take hors d'oeuvres is when they're passing them around."—**Gary Slutsker**

Yardsticks of management performance	Profitability				Growth					Sales
	Return on equity				Sales			Earnings per share		
Company	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
ALZA	1	33.8%	11.2%	55.1%	22.9%	21	25.1%	14.0%	3	33.9%	31.6%	$73
Diagnostic Products	2	24.0	23.8	0.0	26.2	22	24.8	28.3	4	23.9	36.2	44
Life Technologies	3	18.1	14.8	6.6	9.3	23	19.5	8.4	5	15.1[d]	11.7	125
Applied Biosystems	4	15.2[b]	17.2	0.0	13.0	6	88.6[d]	55.3	2	135.8[d]	87.5	142
ICN Biomedicals	5	6.6	11.1	54.0	8.3	15	48.5	19.7		NM	23.7	50
IGI	6	6.4	3.9	45.8	2.4	2	129.6	–3.1		NM	–50.0	16
Collagen	7	3.9[b]	def	54.5	def	24	17.8[d]	32.8	6	11.0[d]	P-D	32
Enzo Biochem	8	2.9[b]	def	250.9	def	18	40.9[d]	5.0		NM	D-D	9
Synergen	9	def	def	12.4	def	10	74.5	–16.6		NM	D-D	5
Gamma Biologicals	10	def	def	14.6	def	29	6.3	2.9		NM	Z-D	19
Genetics Institute	11	def	def	2.6	def	13	55.2	–7.3		NM	D-D	20
Cetus	12	def[b]	def	70.4	def	26	17.4[d]	–25.6		NM	D-D	33
Amgen	13	def	1.0	9.7	2.7	1	190.8	50.6		NM	150.0	60
Centocor	14	def	2.1	12.5	3.4	7	80.8	35.1		NM	D-P	57
Hana Biologics	15	def[b]	def	19.4	def	17	43.3d	–25.7		NM	D-D	6
Chiron	16	def[a]	def	0.3	def	12	62.4[d]	83.5		NA	D-D	24
Collaborative Research	17	def	def	0.0	def	27	16.9	34.1		NA	D-D	15
Biotech Research Labs	18	def	17.3	11.9	10.3	14	51.1	88.3		NM	366.7	17
Immunomedics	19	def[b]	def	19.6	def		NA	9.7		NA	D-D	4
Integrated Genetics	20	def	def	15.5	def	8	76.4	–5.9		NA	D-D	11
Immunex	21	def	0.5	87.0	1.4	11	70.8	60.0	—	NA	Z-P	16
Immucor	22	def[b]	6.9	6.1	11.4	20	34.6[d]	23.7		NM	33.0	9
Genentech	23	def	17.0	43.2	19.1	16	47.7	101.0		NM	D-P	330
Genzyme	24	def	0.8	10.5	1.1	19	36.8	38.7		NM	–50.0	21
Damon Biotech	25	def[b]	def	2.7	def	25	17.8	23.0		NA	D-D	7
Molecular Biosystems	26	def	4.2	0.0	19.3	3	125.7	90.8		NM	400.0	5
Calgene	27	def[a]	def	3.4	def	4	119.8[d]	17.2		NA	P-D	23
Synbiotics	28	def	def	1.0	def	9	75.7	15.0		NM	P-D	7
Cambridge BioScience	29	def	def	1.9	def	5	95.3[d]	NA		NA	NA	3
Applied Bioscience Intl		NA	15.8	7.4	8.3	28	13.7	40.1	1	201.2[c]	24.4	43
Industry medians		**def**	**def**	**11.2**	**def**		**48.5**	**23.0**		**NM**	**–50.0**	

Note: These companies are not included in the Growth, Profitability or Stock Market ranking reports. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. Z-D: Zero to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

HEAVY EQUIPMENT



Lo, after a decade of misery, the clouds have parted. Prosperity won't last forever, but 1989 looks as solid as can be.

By John H. Taylor

THE COMBINATION OF A weak dollar, increased capital spending and low inflation resulted in the best year in nearly ten for this long-suffering industry. At Caterpillar Inc., profits climbed 150% through the third quarter on the strength of increased sales of machines, engines and replacement parts. Deere & Co., the world's largest manufacturer of farm equipment, made more than twice as much money last year as it had made in the prior seven years combined.

The good times are likely to keep rolling in 1989. The dollar shows no sign of significant improvement, which means that export demand for U.S.-made products will be strong. Better still, American customers, including Ford Motor and Champion International, are themselves in the midst of capital expansion programs. Companies that make manufacturing equipment or parts like Cross & Trecker and Harnischfeger Industries have their largest backlogs in orders in many years.

Among the beneficiaries of this capital spending boom are machine toolmakers like Cincinnati Milacron. Nationwide, orders increased 72% during the first ten months of 1988, versus the comparable period in 1987. A $2 billion backlog assures toolmakers a profitable 1989. Says Cincinnati Milacron Chairman James A.D. Geier: "We haven't seen anything like it in eight years."

Companies that make abrasives, hydraulic pumps and other equipment used in the manufacturing process will also do well. They include Norton, Trinova and Parker-Hannifin. "We think one of the best ways to play the recovery of manufacturing is to invest in these parts suppliers and component producers," says John Mackin, an analyst with Morgan Stanley.

For makers of farm equipment, 1989 will be the best year in a decade. Oddly enough, one of the causes is last year's

A company reborn

A week after William W. Goessel went to work as president of Milwaukee's Harnischfeger Industries in 1982, he discovered the 98-year-old company was in default on about $175 million of loans. Goessel gritted his teeth, closed several plants, laid off nearly half of the company's 6,800-member work force, recruited a new team of managers and discarded Harnischfeger's construction equipment business, even though it had once accounted for almost half the company's sales.

Harnischfeger is a company reborn. Goessel, now chairman and chief executive, has long since repaid the creditors, has made two highly successful acquisitions, has reduced debt to 20% of capital and has started paying quarterly dividends for the first time since 1982. Net profits were only $14.4 million, or 51 cents per share, on $1.2 billion in sales in 1988, but that result includes a one-time $24 million loss to retire some high-priced debt. This year Harnischfeger is expected to earn a record $50 million, or about $1.80 a share.

More than three-quarters of the company's profits come from the two acquisitions Goessel made in 1986. First, he bought Beloit Corp., the country's largest manufacturer of papermaking equipment, and then Syscon Corp., a fast-growing Washington, D.C.-based maker of defense-related computer systems. The Beloit deal was particularly astute. Goessel got the company at the fire-sale price of $175 million—he sold a 20% interest seven months later for $60 million—and the acquisition coincided with a worldwide boom for paper products.

William W. Goessel of Harnischfeger Industries

Now Goessel is concentrating on reducing the company's vulnerability to economic downturns. He is pushing the sale of spare and replacement parts for existing machinery, a business where demand is steady even during a recession. He is also scouting for acquisitions. "By creating more balance," he says, "we can accommodate the economic vicissitudes we know are coming."

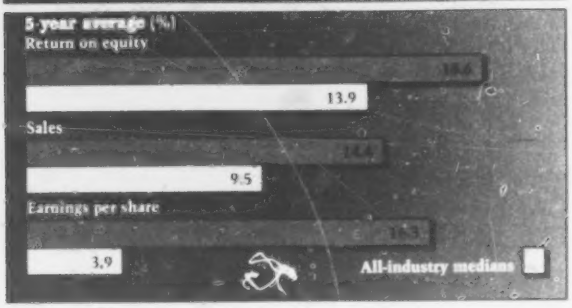
drought, which drove up farm prices and eliminated much of the oversupply of wheat, corn and soybeans. R. Gerald Saylor, director of market economics at Deere, says total acreage planted in 1989 will rise to 335 million acres, a 10% increase over 1988. "The financial health of the American farmer is as solid as it has been in some time," Saylor says.

Is there anything on the horizon that could stall the recovery for heavy equipment makers? The traditional bugaboos: a recession, a sharp increase in interest rates or a rapidly strengthening dollar. Many of these companies are highly dependent on the automobile and construction industries. A downturn in either business would severely affect companies like Cross & Trecker and Masco Industries. Says Eli Lustgarten, an analyst at PaineWebber, "A lot of these companies have come back from nowhere, but you still have to watch it." Cyclical is still cyclical. ■

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Agricultural													
Allied Products	49/●	1	2.8%	def	99.5%	def	1	19.8%	12.8		NM	P-D	$550
Deere	78/●	2	def	13.7%	34.6	5.1%	3	–2.8	43.1		NM	D-P	5,201
Varity Corp	55/36		NA	22.8	105.8	3.5	2	–2.2	38.7		NM	D-P	2,170
Medians			0.6	13.7	99.5	3.5		–2.2	38.7		NM	P-D	
Building and mining													
LB Foster	77/154	1	1.9%	26.8%	11.4%	3.7%	3	–3.2%	–13.4%		NM	D-P	$250
Caterpillar	●/●	2	def	16.6	34.1	6.0	2	6.2	28.2		NM	500+%	9,886
Clark Equipment	72/22	3	def	5.8	49.4	1.7	1	6.5	22.1		NM	D-P	1,219
Medians			def	16.6	34.1	3.7		6.2	22.1		NM	500.0+	
Industrial													
Nacco Industries	45/14	1	22.3%	20.0%	103.8%	7.1%	21	3.2%	14.5%	4	20.5%	16.8%	$584
Ametek	76/74	2	19.3	13.8	57.6	6.2	13	7.8	–6.6	14	6.4	–13.6	558
Kaman	45/25	3	17.4	16.9	71.1	3.5	11	9.9	12.2	5	18.2	15.9	764
Illinois Tool Works	●/●	4	16.7	21.4	37.7	7.0	1	28.1	15.0	6	16.4	21.3	1,881
Pentair	51/82	5	15.8	20.0	31.3	5.0	3	23.3	1.9	15	3.8	153.9	799
Stanley Works	39/42	6	15.6	15.8	50.7	5.3	8	12.3	11.4	7	15.4	19.8	1,881
Trinova	79/81	7	14.6	13.2	44.1	4.5	12	8.5	16.6	2	44.7	25.6	1,854
Masco Industries	NA/NA	8	14.5[a]	13.2	241.4	3.7	2	25.2	26.1	1	45.8[c]	26.1	1,643
Tecumseh Products	●/●	9	14.2	12.2	1.6	6.6	18	4.6	20.0	13	7.0	8.8	1,069
Parker-Hannifin	60/58	10	12.9	13.1	48.0	4.6	7	12.4	20.0	10	11.9	15.6	2,335
Interlake	63/14	11	11.6	17.9	29.8	5.8	27	–0.1	10.9	3	42.7	28.4	969
Harsco	34/23	12	11.4	15.4	29.6	5.2	15	5.6	17.8	8	14.6	20.1	1,209
Zurn Industries	73/77	13	10.2	10.8	12.6	4.9	22	2.6	1.0	16	2.0	9.8	419
Lincoln Electric	●/●	14	10.1	16.4	4.3	6.8	19	4.0	22.7	11	9.7	71.1	495
Sundstrand	27/22	15	9.9	def	48.2	def	10	10.0	3.6	17	–9.4	P-D	1,435
Whittaker	58/60	16	9.4	12.6	19.9	4.9	38	–27.5	13.8		NM	–6.6	480
Cooper Industries	51/39	17	9.3	12.8	71.3	5.1	6	13.0	19.1	9	12.1	21.9	4,074
General Signal	NA/NA	18	9.0	2.8	10.2	1.5	28	–0.1	10.5	18	–9.8	–60.3	1,719
Foster Wheeler	52/●	19	7.3	1.6	42.0	0.7	39	–5.6	–13.0	20	–37.3	–71.8	1,077
Bearings	●/●	20	5.7	12.7	0.0	2.8	14	7.4	12.6	19	–15.3	143.8	561
Crane	50/47	21	5.1	17.9	52.5	4.1	5	16.0[d]	–9.8	12	9.1[c]	7.7	1,108
Eagle-Picher Inds	60/62	22	5.0	20.4	42.6	5.7	17	5.2	14.3		NM	7.3	749
Talley Industries	NA/NA	23	4.7	1.4	138.4	1.0	26	0.1	21.1		NM	D-P	351
Ingersoll-Rand	●/●	24	4.5	12.5	23.9	5.0	24	1.3	10.3		NM	39.6	2,949
Kennametal	●/●	25	4.3	14.4	39.7	5.8	25	1.2	20.2		NM	35.7	438
Combustion Eng	●/●	26	2.7	2.1	37.2	0.5	33	–4.5	19.8		NM	–65.0	3,456
Norton	●/●	27	0.8	16.0	27.1	6.0	29	–0.2	19.2		NM	D-P	1,402
Stewart & Stevenson	●/●	28	def	20.3	42.5	4.3	30	–0.6	42.3		NM	152.8	392
Cross & Trecker	●/●	29	def	12.6	20.8	5.5	9	12.3	1.4		NM	D-P	428
Dresser Industries	43/49	30	def	7.7	17.4	3.1	32	–3.3	21.6		NM	D-P	3,834
Timken	61/●	31	def	5.4	16.8	3.3	20	3.7	30.5		NM	D-P	1,479
Ampco-Pittsburgh	75/●	32	def	def	46.2	def	23	2.4	–19.7		NM	D-D	248
McDermott Intl	73/PD	33	def	def	148.4	def	34	–5.8	–18.3		NM	D-D	2,302
Harnischfeger Inds	70/46	34	def	8.0	18.9	2.3	4	19.9	26.3		NM	500.0+	1,153
Cincinnati Milacron	●/●	35	def	def	76.9	def	16	5.2	4.2		NM	P-D	862
Foxboro	●/●	36	def	def	3.1	def	31	–2.1	0.3		NM	D-D	523
Todd Shipyards	35/PD	37	def	def	253.6	def	36	–14.4	8.2		NM	D-D	373
Allis-Chalmers	●/●	38	def[a]	NE	NE	def	37	–22.3	–19.4		NA	D-D	399
Medians			6.5	12.7	38.7	4.4		3.9	13.2		–15.3	16.4	
Industry medians			5.0	12.8	38.7	4.2		3.9	14.0		NM	19.9	
All-industry medians			13.9	14.1	45.7	4.9		9.5	11.6		3.9	18.4	

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

INDUSTRIAL AND OFFICE SERVICES



These companies do what no one else wants to do or knows how to do. By doing the difficult or the unpleasant they profit handsomely.

By Jason Zweig

"YOU'VE GOT TO BE KIDDING," we said after seeing one of the names that was added to this group since last year: Hartford Steam Boiler Inspection & Insurance Co. But then we realized that Hartford, with its stellar 32% return on equity, is the very embodiment of an industrial sector that profits handsomely by hauling garbage, killing termites and washing factory floors.

With polluted beaches and holes in the ozone on everyone's mind, the environment has become a hot topic again, and these companies should benefit accordingly. The expanding market for waste-to-energy incinerators continued to propel Ogden Corp., Browning-Ferris Industries and Wheelabrator Technologies, which was merged into Waste Management in August. Meanwhile, Browning-Ferris sought to ride the wave of public concern by naming William Ruckelshaus, former head of the Environmental Protection Agency, to replace Chairman Harry J. Phillips Sr., under whose rein the company had been charged with price-fixing, antitrust violations and environmental abuse.

The threat of computer "viruses" that can immobilize whole computer networks could mean opportunity for companies like Automatic Data Processing and Computer Sciences Corp., which sell their ability to process and store data securely. And since the paperless society remains as distant a mirage as ever, Deluxe Corp., the nation's largest printer of

It's alive!

When last we looked at Savin Corp. (FORBES, *May 16, 1988*) it was barely clinging to life. Dependent on Japanese suppliers after a disastrous attempt to manufacture its own products, the marketer of photocopiers was being buried by the collapse of the dollar against the yen.

In 1987 Savin peeled paper-thin pretax earnings of $423,000 off sales of $356 million while diluting existing stockholders' equity with issue after issue of new common stock. By last March Savin had 60 million shares outstanding, up from 7 million shares in 1982.

David Sadler of Savin Corp.

But the new capital, and the toughness of Chairman David Sadler, are paying off. Since taking over in March 1986, he has slashed expenses by 20%. Last summer Savin began to expand its dealer network by 10% and added products like facsimile machines. Color copiers will follow. Another boost for the company came in July with a $7 million deal to supply copiers to the General Services Administration in Washington.

Results? Since 1986 debt has fallen 90%, to $19 million—and the stock dilution, now down to a trickle, should dry up entirely by spring. Sales will likely top $360 million in 1988. After a $2.1 million loss in the first quarter, Savin turned around, earning $3.8 million in the third quarter. With the stock selling at 28 cents on the New York Stock Exchange, here's a turnaround that's already in progress but that Wall Street hasn't yet spotted.

INDUSTRIAL AND OFFICE SERVICES

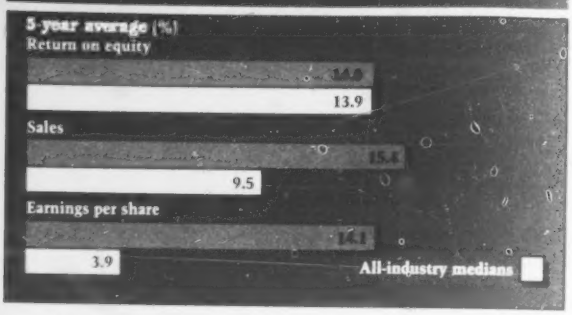
checkbooks, enjoyed sales growth of 20%.

The "simplification" promised by the Tax Reform Act of 1986 continued to complicate the lives of businesses and individuals, and companies in the tax field thrived. Earnings at H&R Block, the largest tax preparer in the U.S., leaped 18% on a sales increase of 13%. In the service economy it clearly pays to sell services. ■

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Industrial services													
Rollins	•/•	1	38.4%	48.1%	0.0%	6.6%	12	7.1%	7.7%	5	26.1%	15.4%	$376
JWP	•/82	2	28.7	22.2	151.1	3.2	1	71.3	38.0	3	39.7	26.1	800
Ecolab	•/•	3	25.2	9.7	72.0	3.3	9	13.5	30.8	1	42.5[d]	–73.4	1,180
CDI Corp	81/80	4	23.4	27.4	75.2	2.0	6	16.0	32.0	4	30.0	100.9	655
Hartford Steam Boiler	NA/NA	5	23.3	31.6	20.2	15.5	7	14.6	7.0	2	41.3	21.2	443
Browning-Ferris Inds	•/•	6	22.8	23.8	59.4	10.8	5	17.7	27.3	8	17.3	28.8	1,971
Waste Management	•/•	7	21.3	22.5	45.6	12.8	3	23.7	30.7	6	24.7	–8.5	3,352
National Service	22/24	8	17.7	17.0	3.8	6.1	10	9.2	6.6	10	8.7	13.6	1,414
Millipore	NA/NA	9	14.9	16.2	30.1	8.8	8	14.3	21.3	9	10.5	20.8	606
Johnson Controls	38/27	10	13.8	13.6	41.9	3.3	4	19.0	15.8	11	3.1	28.6	3,100
Ogden	•/•	11	13.8	14.9	60.5	6.4	14	–19.9	18.1		NM	–51.9	969
Honeywell	19/24	12	5.8	6.0	32.8	1.9	13	2.5	14.0		NM	D-P	7,198
CRS Sirrine	•/•	13	def	14.3	4.5	1.4	2	26.9	64.5		NM	D-P	551
VWR Corp	•/•		NA	12.4	60.2	1.4	11	9.1	14.5	7	23.8[c]	–34.2	594
Medians			**21.3**	**16.6**	**43.7**	**4.7**		**14.4**	**19.7**		**20.5**	**21.0**	
Office products, services													
Microsoft	•/•	1	73.9%	43.2%	0.0%	21.0%	1	65.9%	74.1%	1	72.6%	78.5%	$665
General Motors EDS	•/•	2	40.2	36.5	32.4	8.3	2	61.8	7.3	2	48.8	32.4	4,624
Commerce Clearing	43/45	3	37.5	28.9	7.4	9.1	25	9.7	9.0	19	14.1	4.5	596
Continental Info Sys	•/•	4	34.1	0.2	500.0+	0.0	3	44.5	115.1	6	30.9	–99.1	733
Deluxe Corp	•/•	5	33.3	28.6	2.1	12.7	21	11.6	19.6	13	19.6	0.6	1,109
Comdisco	•/•	6	29.3	3.6	105.2	1.3	12	19.3	13.5	8	24.3	–81.9	1,309
Kelly Services	•/•	7	28.6	32.2	0.0	4.7	8	23.2	12.7	5	32.3	30.5	1,259
H&R Block	40/24	8	23.3	23.8	1.3	10.9	10	20.0	13.2	21	12.7	17.8	790
Herman Miller	•/•	9	21.8	19.1	25.7	5.9	16	14.6	23.4	15	16.3	26.8	743
Olsten	•/•	10	21.1	26.4	80.5	3.3	6	28.2	31.4	4	36.4	38.5	493
Pitney Bowes	•/•	11	20.4	22.2	25.4	10.0	26	8.6	6.9	12	19.6	26.5	2,320
United Stationers	•/•	12	19.8	17.4	36.9	2.7	7	25.4	17.3	20	13.8	51.5	856
HON Industries	89/•	13	19.8	18.6	31.9	4.1	18	14.1	6.6	10	21.8	–2.4	571
Computer Associates	•/•	14	19.0[a]	24.6	21.6	15.1	4	42.4	39.6	3	45.8	90.2	811
Standard Register	•/•	15	18.8	14.2	21.5	5.8	15	14.9	1.1	16	16.7	2.8	665
Automatic Data	•/•	16	18.3	18.8	24.9	11.0	14	16.0	11.2	17	1[illegible]6	22.8	1,584
Kinder-Care	NA/NA	17	18.2	10.1	169.6	4.5	5	34.4	64.1	14	19.2	–11.4	779
PHH Corp	•/•	18	17.9	7.0	377.1	1.3	9	21.4	18.6	23	3.9	–45.2	1,685
Reynolds & Reynolds	59/64	19	17.3	9.7	51.1	3.0	11	19.4	6.6	11	20.0	–12.0	600
Diebold	•/•	20	16.6	10.0	1.4	7.5	31	–0.7	5.3	28	–6.9	0.8	453
Avery International	60/70	21	16.0	10.5	43.8	3.2	17	14.2	10.3	24	3.9	–16.5	1,552
Moore Corp	•/•	22	14.5	14.3	4.9	6.7	29	4.5	13.0	22	7.0	40.0	2,493
Computer Sciences	•/•	23	14.2	14.0	23.8	4.0	22	11.4	8.3	18	14.8	26.6	1,195
Alco Standard	86/69	24	14.0	18.6	26.6	2.9	27	7.8	5.5	25	2.3	28.7	3,817
Esselte Business Sys	60/45	25	14.0	13.4	45.1	4.3	13	18.9	19.9	9	23.0	14.3	1,386
Nashua	74/66	26	13.7	14.8	22.8	3.2	28	7.6	20.0	7	26.3[d]	33.5	976
Dennison Mfg	51/50	27	12.8	14.6	36.0	4.8	30	3.8	–1.2	26	1.6	–6.5	709
American Building	•/•	28	10.1	8.9	21.1	1.1	19	12.3	9.9	29	–11.3	58.1	566
Xerox	68/47	29	9.1	11.3	31.0	3.8	23	10.5	14.3	27	1.4	22.8	16,453
Volt Info Sciences	—•/•	30	6.3	def	110.6	def	24	9.9	6.4		NM	P-D	461
Savin	•/•	31	def[a]	NE	27.2	def	32	–2.8	3.2		NA	P-D	359
AM International	•/•		NA	def	46.7	def	20	11.6	–29.4	30	–57.2[c]	P-D	821
Medians			**18.3**	**14.5**	**26.9**	**4.2**		**14.4**	**12.0**		**16.2**	**16.1**	
Industry medians			**18.6**	**14.8**	**31.5**	**4.2**		**14.4**	**13.8**		**16.3**	**19.3**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

•90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

INSURANCE



Price competition walloped property/casualty earnings; life companies struggled with growth

By Laura Jereski

WHAT HAS BEEN HAPPENING to most property and casualty insurance companies lately is no accident. Two years of fierce price competition have brought rates down in certain classes as much as 40% from 1986 levels—with wholly foreseeable consequences. Third-quarter earnings for the industry are down 10%, and that's just the beginning. Says Denis Callaghan of Alex. Brown & Sons: "We're forecasting declining reported earnings for most of the property and casualty companies we follow." As though that wasn't bad enough, California voters decided to defy the laws of economics and voted themselves cheaper auto rates in a referendum. Not surprisingly, a good many companies were preparing to pull out of the state.

Bad signs abound. Combined ratios, the sum of underwriting losses and the expense of getting the business, are edging up again, to 105% of premiums, from 102.4% in 1987. That means heavy losses, though probably not as deep as the $70 billion in underwriting losses the industry took between 1982 and 1985, the last downturn.

As the costs of litigation and of jury awards swelled and

Yardsticks of management performance		Profitability					Growth					Sales
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Brokers													
Marsh & McLennan Cos	64/73	1	35.4%	38.2%	2.1%	13.3%	1	19.7%	7.9%	1	23.3%	1.7%	$2,242
Alexander & Alexander	87/●	2	3.5	15.7	53.3	5.4	2	8.7	1.7		NM	2.1	1,138
Medians			**19.5**	**26.9**	**27.7**	**9.3**		**14.2**	**4.8**		**NM**	**1.9**	
Diversified													
Reliance Group	●/●	1	25.2%	17.9%	176.1%	1.5%	14	15.2%	3.8%	1	80.7%	-63.9%	$3,566
Loews	79/43	2	23.9	28.7	36.6	9.2	12	16.6	16.3	5	28.2	90.6	10,151
Teledyne	25/NA	3	22.7	23.0	25.9	13.4	26	2.2	3.7	10	17.4	83.1	3,365
Aon	●/●	4	18.7	14.8	36.9	6.1	10	17.0	22.8	12	16.4	-1.3	2,745
Farmers Group	●/●	5	17.7	19.1	12.9	24.6	18	12.3	6.2	13	15.4	24.6	1,191
Harcourt Brace	28/13	6	17.4	NE	NE	5.6	15	14.0	-26.5	2	47.7	D-P	1,706
American Intl Group	●/●	7	17.2	20.7	3.9	9.0	4	27.3	21.6	8	20.3	9.8	12,984
Cincinnati Financial	●/●	8	16.6	18.8	0.3	13.4	9	18.8	5.1	9	17.7	33.3	904
Old Republic Intl	●/●	9	16.5	14.5	25.2	8.7	3	30.3	-6.9	16	10.5	-0.7	1,062
Safeco	●/●	10	16.4	16.2	27.7	8.3	17	12.3	6.1	6	28.1	-11.1	2,753
Zenith National Insur	●/●	11	15.9	17.7	5.0	9.8	1	37.9	8.4	21	6.2	10.4	498
CNA Financial	●/●	12	15.4	17.4	1.3	6.5	7	19.6	10.8	4	30.6	53.5	7,896
Gt Western Financial	29/ 7	13	14.9	10.4	55.6	6.6	6	23.4	-28.4	7	27.0[d]	-32.5	3,044
Uslico	●/●	14	14.6	12.8	14.4	6.8	2	35.8	-4.8	20	7.0	-0.6	493
FPL Group	19/NA	15	13.8	13.9	103.0	9.2	24	8.2	9.8	22	5.6	9.2	4,739
American General	●/●	16	13.8	10.0	73.4	7.7	11	16.6	-13.2	18	9.5	-27.4	5,687
General Re	●/●	17	13.8	18.1	4.8	15.6	8	19.6	-16.3	11	16.9	3.0	2,950
Independent Insurance	●/●	18	13.3	7.7	9.6	4.5	25	3.6	7.8	25	1.3	-15.5	487
Kemper	76/72	19	13.1	12.9	16.1	5.3	16	13.7	6.8	14	15.3	-22.1	3,772
Sears, Roebuck	32/52	20	13.1	10.7	72.9	2.8	22	9.2	10.9	19	7.8	-10.9	52,536
Lincoln National	●/●	21	12.4	5.5	17.6	1.7	13	15.7	1.3	15	14.3	-58.9	6,992
Transamerica	86/65	22	12.0	13.6	214.5	4.4	20	10.0	14.2	17	9.8	-17.3	7,784
Aetna Life & Cas	●/●	23	10.2	11.6	12.6	2.0	19	10.4	7.0	3	34.1	-20.1	23,646
Travelers	●/●	24	10.1	def	23.1	def	21	9.2	4.0	23	3.5	P-D	18,534
American Bankers	●/●	25	9.6	16.6	104.8	2.6	5	23.6	18.7		NM	D-P	798
ITT	50/24	26	9.2	13.8	29.4	5.2	27	-3.0	11.2	24	2.8	44.7	20,687
Cigna	66/67	27	5.1	9.1	7.0	2.8	23	8.4	4.1		NM	-38.7	17,588
Medians			**14.6**	**13.9**	**23.1**	**6.5**		**15.2**	**7.0**		**15.3**	**-0.7**	

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

profits dwindled, insurance rates had only one way to go: up. And that feeds demagogues who want to legislate lower rates. In the happiest position were conservative companies like General Re, which derives a major portion of its premiums from overseas markets relatively unaffected by price wars. Also better off were specialty insurers like marine and aviation insurer New York Marine & General or Hartford Steam Boiler.

For multiline insurers, which write life and group health as well as property and casualty, the most vexing problem continues to be rising health care costs, which the multilines have translated into price boosts of as much as 40% for group health policies. But these gains have been largely offset among the multiliners by premium price-cutting in property and casualty.

After several years of double-digit growth, the life insurance companies confronted a sudden and costly surprise in their universal and variable life policies. Since these are sold

Yardsticks of management performance		Profitability					Growth					Sales
		Return on equity			debt as	net	Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	% of equity	profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Life and health													
First Capital Holding	●/●	1	45.8%[b]	20.9%	162.7%	5.6%	1	500.0+%[d]	128.6%	1	79.8%[d]	9.7%	$438
ICH	76/85	2	38.5[b]	def	153.5	0.8	2	73.3	17.0	5	26.1[d]	P-D	2,810
First Executive	●/●	3	25.6	12.3	15.5	6.2	12	22.3	–15.4	17	1.6	9.7	3,141
National Western Life	●/●	4	24.9	7.1	0.0	1.6	6	34.9	–3.7	18	–0.5	–29.9	397
American Family	●/●	5	21.3	19.8	26.2	4.8	11	25.8	27.0	3	36.6	–5.3	2,242
Torchmark	●/87	6	18.8	22.0	60.2	10.7	14	15.4	2.6	6	25.9	0.7	1,642
Southmark	31/15	7	18.6	def	166.0	def	4	47.0[c]	36.1	16	3.9	P-D	3,035
Ethyl	33/27	8	17.8	23.6	55.6	11.5	22	–0.2	19.9	9	23.3	24.8	1,967
Capital Holding	●/●	9	16.7	12.8	28.1	7.5	15	13.5	3.0	10	22.3	–40.4	1,884
Kentucky Central Life	73/59	10	14.9	10.0	52.9	5.0	8	32.8	3.6	7	24.3	–27.5	532
Monarch Capital	●/●	11	14.4	6.6	27.1	3.0	3	51.0	–59.7	8	23.5	–52.3	900
American Natl Ins	85/●	12	14.1	5.6	0.1	8.6	19	4.2	9.5	15	9.3	–57.7	961
Provident Life & Acc	●/●	13	14.0	6.5	19.0	2.5	13	19.3	12.3	14	10.0	–49.4	2,735
Kaufman & Broad	56/56	14	13.0	14.4	188.7	2.6	10	29.1	43.3	2	38.2[d]	–15.9	2,009
Jefferson-Pilot	●/●	15	12.6	7.1	0.0	7.1	20	4.0	5.4	13	13.9	–44.3	1,218
Primerica	33/46	16	12.6	17.7	155.7	5.8	24	–4.4	22.0	11	22.1[d]	1.1	4,235
BMA Corp	67/DP	17	11.2	5.3	13.1	2.9	17	8.1	15.1		NM	–75.4	509
No'western Natl Life	●/●	18	9.7	8.3	6.3	2.4	5	35.4	7.2	4	35.0	–28.7	1,354
Equitable of Iowa	44/67	19	9.5	7.2	7.4	3.1	21	2.6	17.9	12	20.8	1.9	581
Integrated Resources	60/33	20	9.3	6.8	152.5	3.4	7	33.5	28.6		NM	–33.8	1,386
USLife	●/●	21	8.0	7.9	32.2	5.7	18	6.5	2.6		NM	–9.6	1,242
Washington National	●/●	22	4.8	def	1.3	def	23	–3.8	18.8		NM	P-D	940
Statesman Group	●/●	23	4.0	0.3	68.6	0.2	9	31.2	33.4		NM	–95.2	681
UNUM Corp	●/●		NA	8.7	0.0	5.2	16	11.4	2.2		NM	NA	2,166
Medians			14.1	7.5	27.6	4.1		20.8	13.7		17.4	–29.9	
Property and casualty													
Geico	●/●	1	35.7%	26.0%	35.3%	9.6%	10	15.3%	9.7%	4	34.5%	–26.1%	$1,694
Argonaut Group	●/●	2	33.1[a]	47.0	0.0	40.5	20	–0.9	9.2	9	18.9[c]	142.5	461
Progressive	●/●	3	33.0	22.3	46.3	7.2	3	34.8	34.3	1	45.0[d]	–7.5	1,205
20th Century Inds	●/●	4	25.9	24.6	4.4	7.9	4	34.2	22.9	5	30.3	15.1	593
First Amer Financial	●/●	5	25.1	9.4	39.7	2.1	6	25.0[d]	–6.2	8	22.5[d]	–63.8	617
Hartford Steam Boiler	76/●	6	23.3	31.6	20.2	15.5	11	14.6	7.0	2	41.3	21.2	443
Berkshire Hathaway	42/32	7	17.4	12.1	10.9	15.1	2	41.9	–1.7	3	36.7	68.4	2,285
Hanover Insurance	●/●	8	14.3	22.2	0.0	7.6	8	19.7	14.8	6	27.0	3.4	1,552
Selective Insurance	●/●	9	13.5	23.5	11.3	9.0	18	9.7	15.4		NM	3.3	467
Chubb	78/78	10	13.4	16.2	16.7	8.1	7	20.3	7.8	7	26.0	–5.8	3,923
Foremost Corp of Amer	82/73	11	12.7	11.6	27.3	7.4	13	13.5	–8.6	11	9.0	–21.1	451
Ohio Casualty	●/●	12	11.3	11.9	0.0	4.6	14	12.8	0.9	10	13.4	–33.8	1,576
Continental Corp	75/81	13	10.7	4.0	35.5	1.8	15	11.7	–2.1	12	6.7	–70.9	5,801
WR Berkley	●/●	14	9.9	22.4	33.6	11.3	5	31.3	3.1		NM	13.7	531
USF&G	●/●	15	9.6	14.5	12.2	4.7	9	17.7	17.6		NM	13.9	5,465
Xerox	27/47	16	9.1	11.3	31.0	3.8	16	10.5	14.3	13	1.4	22.8	16,453
St Paul Cos	●/●	17	7.8	18.3	20.5	9.3	17	9.9	3.8		NM	4.0	3,492
Fireman's Fund	●/●	18	6.8	15.6	37.4	5.9	19	5.4	–11.2		NM	–23.5	3,592
Orion Capital	●/●	19	def	16.8	45.5	4.3	12	14.1	10.8		NM	D-P	577
Alleghany	●/77		NA	9.1	28.6	4.6	1	132.7[d]	1.9		NM	NA	994
Home Group	●/●		NA	9.3	219.0	2.9	21	–2.8	17.8		NM	–43.3	2,822
Medians			13.4	16.2	27.3	7.4		14.6	7.8		9.0	3.3	
Industry medians			14.0	13.3	26.0	5.7		15.4	7.9		14.1	–6.7	
All-industry medians			13.9	14.1	45.7	4.9		9.5	11.6		3.9	18.4	

●90% or more. DD: Segment deficit, total deficit. DP: Segment deficit, total profit. PD: Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

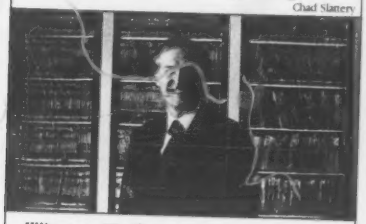
heavily as investment vehicles; public disenchantment with the stock market curtailed their sales.

Hardest hit were variable life sellers like Monarch Capital, where new premium volume sank from $1 billion in 1987 to less than $200 million last year. ■

Feeling better, thank you

Until recently Provident Life & Accident, the disability and group health insurer, was itself looking poorly. Among its problems: the unexpectedly heavy cost of integrating its

Chad Slattery

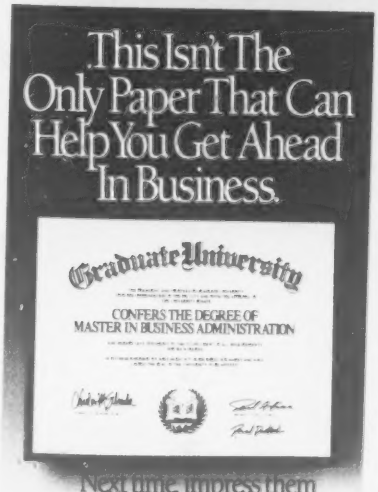


Winston Walker of Provident Life & Accident

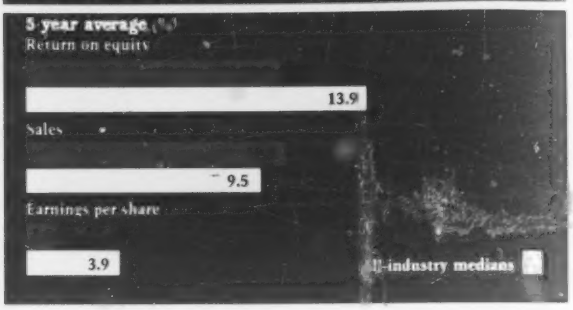
1987 purchase of Transamerica Occidental, which specializes in insuring smaller companies. In theory, the higher premiums per employee that small companies pay were to have boosted margins for 60% of Provident's group business. "We underestimated how difficult it would be to make the acquisition," says Chief Executive Winston Walker. Provident's operating income slid from $108 million in 1985 to $15.5 million in 1987.

Now it looks like Walker has his company back on track. He has nearly finished integrating Transamerica's computerized claims-processing system into Provident's. He has also pushed through premium rate increases and brought in new business in Cleveland, Chicago and the West Coast. Finally, Walker dumped a property and casualty business just before cutthroat price competition took its toll on earnings.

Add it all up and Provident should report at least $2.50 in operating earnings per share in 1990, up from a dismal 33 cents in 1987 and an estimated $1.50 in 1988.



LEISURE AND RECREATION



Was the economy in trouble? You wouldn't know it from the way Americans spent money to have fun.

By Deirdre Fanning

If anyone thought the October 1987 stock crash signaled trouble ahead for the industries in this group, he was wrong. As things turned out, 1988 was a good year all around. Moviemakers headed into the 1988 Christmas season with box office revenues up about 5% from the previous year's record of over $4 billion. Despite spiraling production costs, most of the bigger movie studios continued to be profitable. *Good Morning Vietnam, Three Men and a Baby* and *Who Framed Roger Rabbit*—blockbuster hits all—kept Disney's pretax profit margin hovering at around 15%. The Warner Brothers moviemaking subsidiary of Warner Communications did moderately well, but strong sales by the record division helped improve its profit margin, from 8.7% in 1987 to 10%.

One sector of the entertainment group did suffer in 1988, however: small independent movie studios. Many of these

Toyland turnaround

The last five years haven't been fun for Hawthorne, Calif.-based Mattel, Inc. The toymaker's sales have dropped 23% from a 1982 peak of $1.3 billion, profits have been erratic and two major financial restructurings have been launched, at major expense, to try to revive the onetime industry leader. Three separate management teams also have attempted everything from pouring money into elaborate high-tech toys to shipping Christmas toys late in order to stand out in the heavily saturated toy market. But in the last two years alone the company has lost as much as $121 million. "Every year [people] have said it would be a turnaround," says Balis Zorn Gerard Inc. analyst Sean McGowan, "and every year people have been disappointed."

Until now. Under the two-year-old reign of Chairman John Amerman, 56, the company's prospects are suddenly looking up. Although revenues were down around 11% for the nine months ended September 1988, Mattel managed to turn in earnings of 53 cents per share, a substantial increase over the meager 14 cents it earned for the same period in 1987. Inventories, which had become dangerously high, have been reduced some 40%. The stock has moved, increasing 40% in the last year.

Behind Amerman's success is a dicey strategy: sacrifice future sales growth for present profitability. By closing 40% of Mattel's plants, laying off 22% of the headquarters staff, refinancing expensive debt and even cutting back on advertising, Amerman is trying to squeeze some earnings out of the company before embarking on stage two of its revamping: a return to its traditionally strong toys like Barbie dolls and Hot Wheels.

This, in short, is a turnaround still very much in its infancy. Although it improved noticeably in 1988, the toy business is still plagued by a minirecession. To cope with stagnating sales Mattel was forced to take on significant debt over the last few years—now 64% of its total capital. Moreover, Amerman's emphasis on traditional toy fare is risky. Toy-buying parents can be fickle, like their kids. But for now, at least, Mattel's message to Wall Street is that profits will come before revenue growth. And that can't be all bad for its shareholders.

John Amerman of Mattel Nina Barnett

companies went public in the frothy stock market of the mid-1980s and took their new shareholders to the cleaners. In 1988 De Laurentiis Entertainment Group filed for Chapter 11, New World Entertainment struggled through a restructuring, and Cannon Group teetered at the edge of bankruptcy before it was bailed out—and taken over—by a pair of Italian dealsters.

Meanwhile, the toy industry overcame a two-year-old recession to stage a minor comeback in 1988, largely through cost-cutting. After dabbling unsuccessfully in expensive high-tech toys, companies like Mattel and Hasbro are returning to old reliables like Barbie and G.I. Joe. In the case of market-leader Hasbro, those measures helped the company book profits of 4.3% in 1988.

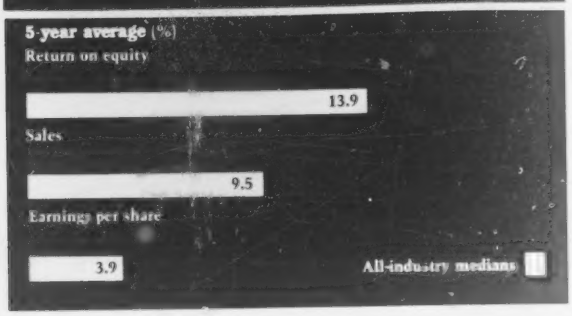
Casino visitors to Atlantic City and Nevada gambled about 7% more than they had in 1987. But in Atlantic City, at least, the outlook beyond 1989 may be more gloomy, since the huge Taj Mahal complex is due for completion by year's end. That means 1,250 new hotel rooms, 120,000 more feet of casino space and, absent an offsetting rise in players, proportionally reduced profits for everyone.

Faced with even more of a potential glut from overbuilding, Nevada has accelerated its pursuit of the convention and trade show business. Golden Nugget is building a 3,100-room hotel on the Strip in an attempt to lure conventioneers. But for 1988, at least, the real news was the steady influx of high rollers from the Far East. That, along with the rapid growth of the gaming market in Laughlin, 90 miles south of Las Vegas, helped Nevada's overall 1988 revenues jump about 9% over the previous year's. ■

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Entertainment													
General Cinema	35/16	1	34.1%	19.7%	133.1%	5.0%	10	3.1%	96.5%	4	8.5%	–10.5%	$2,040
Handleman	•/NA	2	23.1	23.0	6.0	6.2	8	17.0	18.4	2	27.1	28.0	555
Walt Disney	•/87	3	14.7	27.1	19.6	15.2	5	23.0	19.5	1	42.5	17.6	3,438
United Artists	65/44	4	14.1	32.5	500.0+	4.5	7	17.5	28.9	7	–16.2	500.0+	842
MCA	70/89	5	10.8	7.1	74.7	4.1	9	12.1	6.8	6	–3.1	–15.6	2,736
Gulf & Western	39/38	6	9.6	17.6	61.1	7.3	13	–8.2	19.7		NM	30.4	5,073
Columbia Pictures	•/•	7	8.1	def	94.1	def	6	20.3	16.0	3	9.7	P-D	1,275
Tele-Communications	28/13	8	7.8	0.6	500.0+	0.3	1	37.4	50.7	5	–1.4	–90.6	2,134
Warner Commun	85/87	9	5.3	27.7	29.7	10.0	12	–3.5	26.1		NM	44.6	4,035
Lonmar-Telepictures	•/•	10	def	def	500.0+	def	3	25.7	–15.5		NM	D-D	592
Orion Pictures	•/•	11	def	6.7	248.9	2.2	4	25.1	17.1		NM	–19.7	449
Cannon Group	•/•		NA	NE	500.0+	def		NA	NA		NA	NA	363
MGM/UA Commun	•/•		NA	def	157.4	def	11	–0.5	57.8		NM	D-D	675
Turner Broadcasting	35/48		NA	NE	500.0+	def	2	32.3	26.0		NM	D-D	775
Medians			9.6	6.9	145.3	3.1		17.5	19.7		–16.2	–15.6	
Hotels and gaming													
Carnival Cruise Lines	•/•	1	58.0%	29.4%	11.3%	31.7%	1	22.2%	10.1%	1	28.8%	8.6%	$595
Circus Circus	73/NA	2	26.3	28.7	177.9	14.4	3	18.6	23.2	2	20.5	63.6	503
Marriott	41/51	3	22.2	27.4	412.6	3.2	2	20.6	13.8	3	19.2	16.9	7,121
Hilton Hotels	•/•	4	17.9	20.0	41.2	17.3	7	5.6	11.5	6	7.8	47.0	891
Holiday	•/•	5	15.5	NE	210.9	7.2	8	2.6	–3.9	4	16.9	–20.3	1,609
Caesars World	•/•	6	10.1	31.0	249.9	8.4	5	6.4	4.0		NM	72.4	840
Ramada	85/83	7	3.2	0.5	156.0	0.3	6	6.1	–27.8	5	10.7[d]	–84.6	535
Bally Manufacturing	60/59	8	0.5	5.7	278.6	1.8	4	7.2	14.7		NM	–34.6	1,846
Medians			16.7	23.7	194.4	7.8		6.8	10.8		13.8	12.7	
Recreation													
Brunswick	84/•	1	22.2%	25.0%	40.9%	6.3%	1	20.0%	20.6%	1	6.9%	30.4%	$3,328
Coleman	74/77	2	10.3	13.3	39.7	3.8	2	10.5	12.1	2	1.3	36.2	650
Outboard Marine	84/88	3	9.8	14.0	29.9	4.5	3	9.3	24.5	3	–8.3	46.1	1,605
Medians			10.3	14.0	39.7	4.5		10.5	20.6		1.3	36.2	
Photography													
Fuqua Industries	26/23	1	25.0%	35.0%	70.9%	12.7%	3	3.1%	20.6%	2	14.3%	147.9%	$904
Eastman Kodak	81/82	2	9.8	22.1	116.8	8.3	2	4.1	25.1	3	–3.8	98.2	16,020
Polaroid	•/•	3	7.0	2.4	41.7	1.3	1	7.0	4.1	1	35.9	–77.5	1,838
Medians			9.8	22.1	70.9	8.3		4.1	20.6		14.3	98.2	
Toys and electronics													
Hasbro	•/•	1	30.4%	8.6%	19.1%	4.3%	1	64.2%	1.2%	1	31.0%	–2.0%	$1,341
Mattel	•/•	2	def[b]	def	257.5	def	2	1.0	–11.5		NM	D-D	936
Medians			def	def	138.3	def		32.6	–5.2		NM	NM	
Industry medians			10.3	13.7	124.9	4.4		10.5	17.1		1.3	8.6	
All-industry medians			13.9	14.1	45.7	4.9		9.5	11.6		3.9	18.4	

•90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

METALS



Talk about rising from the ashes. Downsized, modernized, revitalized, this group's back with a vengeance.

By Rick Reiff

DON'T DWELL ON THE DISMAL five-year totals shown here—check out the 12-month results. Metals companies were the powerhouse behind 1988's continued economic expansion, and they should remain that way right through 1989.

What's behind this nearly industrywide turnaround? Strong worldwide demand and a weak dollar, to be sure, but also these companies' own dramatic productivity gains.

In the steel category, net profits of U.S. producers doubled, to $2 billion, after $12 billion in losses between 1982 and 1986. Once-endangered Bethlehem Steel, generating $2.5 million cash per day, has worked $1.7 billion off its mountain of debt and pension deficits. Inland Steel is now operating at 94% of capacity—with a break-even point under 75%.

One of the few uncertainties for steelmakers at the moment is whether foreign import quotas will be extended past September. Yet even if they're not, imports' current 20% share of the market isn't likely to rise unless the dollar strengthens. For the foreseeable future, it will simply cost too much to make and ship a lot of foreign steel here.

Still, profits from steelmaking seem almost certain to be squeezed at least a little in the year ahead. One reason is that buyers who rushed to beat price increases averaging 7% in

Surprise from Big Steel

For the first time since Chairman David Roderick's controversial purchase of Marathon Oil Co. in 1982, USX' steel and energy divisions are generating sizable profits in tandem. That's the icing on the cake that makes Roderick's turnaround of USX all the more impressive. He's making money, big money, for shareholders in what have proved to be two of the toughest businesses of the 1980s—oil and metals.

Despite depressed prices, USX' earnings from energy increased an estimated 12% in 1988, even as steel earnings jumped dramatically. Total corporate earnings now look likely to top $3 per share in 1989, up 10% on 1988 levels. Analyst George Gaspar of Robert W. Baird & Co. sees a further 25% rise, to the $4-per-share level, by 1992.

True, domestic demand for steel is bound to ebb at some point, but Roderick isn't taking the current windfall for granted. He's pushing aggressively into Japan and other foreign markets. In 1989 USX expects to export 1.2 million tons of steel—almost 10% of its total output. And by 1992 the company plans to be making 90% of its steel with efficient continuous casters, up from 65% today. Already, USX is a low-cost producer, needing only 3.8 man-hours to make a ton of steel, down from 10.8 man-hours six years ago.

With cash flow and asset sales proceeds, Roderick is chiseling away at his burdensome long-term debt, which should be down to 75% or 80% of equity, from 108% currently, in 18 months. Uncharacteristic of a steel company, USX enjoys a $550 million pension plan surplus. It doesn't sit down with the United Steelworkers of America until 1991; its large domestic competitors face potentially costly negotiations this year.

Carl Icahn, with his 11.4% stake, still wants a breakup that could send the stock from its recent 29 level to the 50s. Roderick, who retires in May, maintains that a dual USX is better. Whichever man prevails, shareholders should win.

David Roderick of USX

Nina Barnett

1988 now have bigger inventories to work off in 1989. The result, say executives and analysts, will be slower-rising prices and a 3%-to-4% drop in domestic production, partially offset with higher exports.

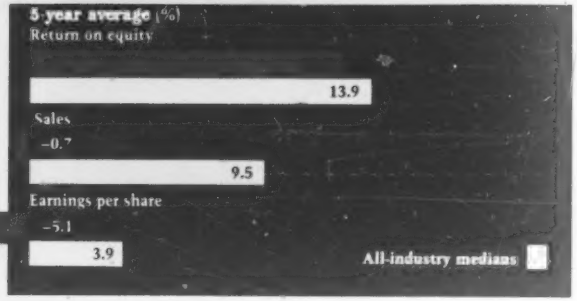
Even so, foreign competitors rightly view the U.S. market as the biggest beckoning opportunity in the world. The 40% stake that Kawasaki Steel of Japan is taking in Armco's carbon steelmaking operations is a likely harbinger of additional foreign investment. With the Japanese spending 14% more than the Americans to make a ton of steel, such ventures look like the only logical way for foreign companies to hold on to the market shares they already have here, let alone expand them.

Aluminum companies are upbeat, too. Thanks to strong demand worldwide, aluminum ingot prices now exceed $1 a pound, double the price of just two years ago. Alcoa, Reynolds Metals and Alcan Aluminium will be hard-pressed to repeat 1988's record performances, but they may come close. Inventories remain low, and with their increased concentration in high-margin finished products like soda cans, companies such as Reynolds and Alcoa should prove less vulnerable to a cyclical downturn than might otherwise be the case. ■

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Nonferrous metals													
Engelhard	71/20	1	11.7%	7.8%	16.2%	2.4%	8	3.4%	–2.8%	1	–3.1%	–24.1%	$2,384
Newmont Mining	68/80	2	6.1	NE	NE	26.2	13	–9.9	0.2		NM	–59.9	486
Alcoa	●/●	3	5.3	20.1	47.5	8.4	10	1.7	26.6		NM	197.3	9,207
Alcan Aluminium	●/88	4	4.4	21.6	31.1	9.7	4	7.0	27.5		NM	148.3	8,174
Handy & Harman	66/●	5	4.3	6.1	86.0	1.1	9	2.3	10.4		NM	D-P	650
Reynolds Metals	●/●	6	0.9	25.8	79.1	7.8	7	5.8	31.4		NM	87.3	5,255
Phelps Dodge	65/78	7	def	31.8	28.8	17.1	6	6.3	63.1		NM	464.0	2,140
Asarco	88/87	8	def	19.0	19.7	12.2	12	–3.3	54.1		NM	39.1	1,819
Inco	●/●	9	def	46.9	41.4	19.7	3	7.4	78.7		NM	500.0+	2,863
Cyprus Minerals	41/49	10	def[a]	13.0	10.7	10.0	5	6.7	50.7		NM	441.8	1,144
AMAX	79/●	11	def	22.3	83.1	7.4	11	–0.8	33.3		NM	38.2	3,858
Inspiration Resource	38/67	12	def	9.4	38.1	2.6	2	11.3	16.7		NM	D-P	1,390
Magma Copper	●/●		NA	def	50.1	1.1	1	12.1	30.7		NA	NA	519
Medians			**def**	**19.0**	**38.1**	**3.4**		**5.8**	**30.7**		**NM**	**172.8**	
Steel													
Worthington Inds	70/77	1	19.7%	21.9%	16.6%	6.4%	4	15.0%	12.5%	2	17.4%	41.7%	$932
Nucor	●/●	2	15.0	15.5	32.0	6.5	5	11.9	28.8	1	18.1	45.1	1,020
Valmont Industries	47/45	3	11.7	18.6	74.5	2.1	2	21.3	58.4		NM	72.1	611
Central Steel & Wire	●/●	4	9.8	21.8	0.0	4.8	8	7.0	22.8	4	5.2	151.9	646
Commercial Metals	33/68	5	8.0	16.6	19.7	2.2	19	–3.1	29.4	5	5.0	150.0	1,129
Texas Industries	59/●	6	7.9	3.9	107.0	1.7	3	18.0	10.2		NM	D-P	650
Carpenter Technology	●/●	7	5.9	9.5	42.5	5.0	16	2.2	21.8	6	–29.2	426.7	582
Lukens	72/89	8	2.8	20.0	34.8	5.2	10	5.2	22.9		NM	104.8	583
Earle M Jorgensen	●/●	9	2.0	6.7	13.3	2.1	11	4.9	42.4		NM	D-P	448
National-Standard	●/●	10	def	7.4	44.4	1.7	17	1.4	11.1		NM	D-P	297
Timken	39/DP	11	def	5.4	16.8	3.3	13	3.7	30.5		NM	D-P	1,479
Ampco-Pittsburgh	25/DP	12	def	def	46.2	def	15	2.4	–19.7		NM	D-D	248
Inland Steel Inds	●/●	13	def	17.7	38.3	5.7	14	3.1	18.0		NM	101.9	3,952
Copperweld	●/●	14	def	19.5	46.9	6.4	22	–11.4	31.6		NM	500.0+	279
USX	26/17	15	def	10.6	108.3	3.7	20	–5.4	26.4		NM	D-P	15,713
Lone Star Tech	60/58	16	def	def	57.5	def	21	–10.3	105.9		NM	P-D	624
Bethlehem Steel	●/●	17	def	26.1	45.6	6.1	18	–3.0	20.8		NM	92.3	5,362
Armco	●/78	18	def	6.8	67.4	1.8	23	–12.4	13.4		NM	–63.6	3,183
Wheeling-Pittsburgh	●/●	19	def[a]	NE	NE	12.2	12	4.5	8.6		NM	D-P	1,078
LTV	63/68	20	def[b]	NE	NE	def	6	11.6	1.7		NM	D-D	7,640
Allegheny Ludlum	●/●		NA	45.5	28.5	8.3	9	6.1	41.2		NA	NA	1,148
Cyclops Industries	83/●		NA	NE	500.0+	def	7	10.6[d]	NA		NA	NA	994
Edgcomb	●/●		NA	30.2	498.9	1.5	1	60.1	11.4	3	8.8	97.0	608
Medians			**def**	**10.6**	**42.5**	**3.3**		**4.5**	**22.3**		**NM**	**104.8**	
Industry medians			**def**	**14.2**	**39.9**	**4.9**		**4.7**	**26.4**		**NM**	**148.3**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

NATURAL GAS



A shrinking bubble—bye-bye, gas glut—heralds an industry turnaround.

By William P. Barrett

AN ENORMOUS SURPLUS of natural gas helped make this industry one dud of an investment play for years. Now, at last, it looks as if the worst may be over. Declining new discoveries and unexpectedly strong demand, prompted in large part by the recovery of manufacturing and concerns about the adverse environmental impact of other fuels, have steadily eaten away at the excess. Result: By the second half of last year, America's so-called gas bubble had shrunk to about one-third of 1983 levels.

Few pipeline and integrated companies seem likely to wind up the decade showing the kinds of profits they enjoyed at the start of the 1980s, when lofty crude oil prices gave the entire energy sector a lift. Still, as a whole, the industry looked headed for its best results in at least three years.

The effects are uneven, to be sure. Among producers, the 6% or so higher spot prices of 1988 benefited only those with transportation contracts to move the gas. Producers, moreover, faced increased price competition from Canadian gas.

Clearly, the pipeline segment prospered the most. In addition to the increased volumes they were carrying, the pipelines were heartened by negotiated resolution of an estimated 80% of the "take or pay" claims filed against them by producers. These multibillion-dollar disputes grew out of contracts that obliged the pipelines to pay producers for gas at the far higher prices of the past.

Yardsticks of management performance		Profitability					Growth					Sales
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Producers & pipeliners													
Coastal Corp	34/84	1	15.0%	12.4%	229.0%	1.5%	3	5.0%	13.2%	1	4.6%	-23.7%	$8,181
Enron	●/●	2	14.6[b]	5.0	225.9	1.9	2	10.0	-5.2		NM	-84.7	5,690
Burlington Northern	22/27	3	9.9	8.2	73.1	5.5	1	10.6	-19.8		NM	-65.1	5,231
Transco Energy	84/●	4	7.5	def	127.3	0.2	6	-2.8	-6.4		NM	P-D	3,072
Texas Eastern	75/●	5	7.3	12.3	127.7	4.7	8	-8.9	-8.3	4	-42.7	76.2	3,374
Mitchell Energy	50/29	6	7.0	0.3	158.1	0.3	9	-11.2	3.8	3	-38.5	-66.7	578
Occidental Petroleum	16/26	7	6.1	5.7	117.3	1.8	7	-2.9	9.8	2	-3.2	90.3	18,522
Sonat	●/●	8	3.9	8.7	71.7	6.8	11	-12.3	-6.5		NM	D-P	1,376
Tenneco	17/13	9	3.2	0.5	146.2	0.4	4	-0.1	-5.8		NM	D-P	13,602
Williams Cos	●/●	10	1.8	12.7	93.0	7.7	5	-0.8	4.9		NM	D-P	1,804
Panhandle Eastern	●/●	11	0.3	def	135.0	def	10	-11.8	-21.9		NM	D-D	1,372
Valero Energy	NA/NA	12	def	def	40.1	0.1	12	-12.6	-14.0		NM	P-D	768
Medians			6.6	5.4	127.5	1.6		-2.9	-6.1		NM	-44.4	
Distributors													
UtiliCorp United	62/17	1	18.2%	13.7%	101.4%	6.0%	1	28.8%	16.4%	5	8.0%	11.3%	$663
Commonwealth Energy	33/33	2	17.0	10.6	75.5	4.7	16	0.9	3.6	16	2.7	-4.0	669
Kansas Power & Light	60/21	3	16.8	14.5	73.9	7.2	2	16.5	2.9	11	5.0	0.0	1,207
Laclede Gas	●/●	4	16.7	14.3	63.2	5.1	32	-5.6	8.2	3	10.2	9.0	483
Illinois Power	25/10	5	16.1	8.2	98.3	14.8	22	0.5	6.9	15	3.6	-47.9	1,289

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

Contrarian, and stubborn

James L. Ketelsen of Tenneco

Robb Kendrick/Onyx

A lot of things are finally coming together for long-slumbering Tenneco (1987 revenues, $15 billion). The company's natural gas pipeline system, the nation's second largest behind Enron's, is well positioned for the sharp growth occurring in gas usage. The sale last fall of $7.3 billion of Tenneco Oil Co. assets generated cash to retire much of that company's $8.2 billion in total debt and to buy back 14% of its shares. Beyond that, Tenneco's Newport News shipbuilding yard has a $7.7 billion backlog of orders, and its auto parts, chemical and packaging units are also experiencing solid improvements. The Case IH farm and construction equipment maker subsidiary, which lost an estimated $340 million in 1987 and 1988, is finally moving into the black.

So Tenneco, which lost $258 million from 1985 to 1987, seems on the edge of a major rebound. Per-share earnings for 1988 are estimated at around $1.60, and forecasts for 1989 range from $3.50 to a shade over $4. Ronald Barone of Kidder, Peabody sees the stock, trading recently around 49, topping 60 by the end of 1989. With the current 6% dividend, that would be a total return during 1989 of more than 25%.

The company's new prosperity represents a sort of personal vindication for Chairman James L. Ketelsen, who for ten years has defied conventional wisdom in stubbornly pursuing his vision of a diversified industrial conglomerate. No more major acquisitions or divestitures are in the offing, but he rules out nothing. The key to Tenneco's future now, Ketelsen says, is knowing what to sell and what to manage, a decision he calls pretty simple: "What is the potential selling price versus what you can do with it yourself?"

NATURAL GAS

Among 1988's big pipeline winners: well-managed Coastal Corp., which had strong per-share earnings for the first three quarters; KN Energy, whose aggressive marketing efforts paid off with several big new customers; Equitable Resources, which combined low exploration costs with an expanding customer base along the eastern seaboard; and Williams Cos., which opened the nation's largest independent common carrier pipeline system while developing an unrelated telecommunications network.

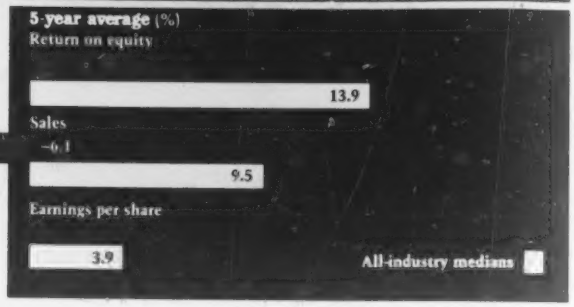
On the other hand, Enron, faced with stiff competition in Texas from a surplus of residual oil fuel, stayed in the black largely through nonoperating income. Panhandle Eastern staggered under heavy take-or-pay payments.

Local distribution companies, not only seasoned by tough competition from fuel oil but also the beneficiaries of state-issued monopolies, are poised to reap the rewards of the new-found gas demand. So far, they have been able to pass on take-or-pay charges to their customers without difficulty. Analysts predicted that such local distribution companies as Arkla, Atlanta Gas Light, UGI Corp., Piedmont Natural and Southwest Gas would also fare well in 1989. ■

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Baltimore G&E	23/11	6	16.0%	15.9%	64.6%	17.2%	9	2.8%	-2.5%	2	10.2%	2.3%	$1,792
Peoples Energy	●/●	7	15.9	16.2	84.7	7.0	30	-3.8	-4.9	7	6.8	39.2	1,117
Wisconsin Public Svc	26/ 8	8	15.6	14.7	59.1	9.4	24	-0.6	3.2	12	4.8	9.1	599
Iowa-Illinois G&E	37/11	9	15.2	13.4	85.7	11.6	21	0.5	-0.5	19	-0.5	-8.1	486
Scana	27/12	10	14.9	13.3	96.6	10.8	7	4.9	-5.4	6	7.0	-13.8	1,066
Southwest Gas	71/NA	11	14.8	13.8	116.1	8.0	8	4.7	18.9	4	9.2	16.0	524
Piedmont Natural Gas	●/●	12	14.4	18.4	58.7	6.4	6	5.8	-5.1	9	6.4	29.6	393
Cincinnati G&E	26/ 6	13	14.3	11.9	88.8	9.8	15	1.2	-0.9	23	-2.1	-39.6	1,366
Brooklyn Union Gas	●/●	14	14.2	13.7	82.5	6.9	14	1.3	-2.7	22	-1.4	2.5	899
Washington Gas Light	●/●	15	14.0	13.4	73.0	6.7	26	-1.2	-4.2	13	4.8	17.2	664
Orange & Rockland	24/12	16	13.8	14.5	81.6	9.5	27	-1.8	2.8	17	2.7	10.9	472
Louisville G&E	25/ 5	17	13.6	13.5	80.2	12.9	12	2.1	0.4	8	6.7	7.4	644
Pub Svc Enterprise	29/10	18	13.3	13.7	96.5	12.2	11	2.4	-0.1	21	-1.1	46.8	4,282
Pacific G&E	34/20	19	13.2	7.7	100.4	9.1	10	2.5	2.1	27	-7.3	-4.0	7,433
CILcorp	32/16	20	13.1	10.0	97.6	7.0	29	-2.4	-2.2	20	-0.8	-31.4	461
Public Service Colo	34/14	21	13.1	15.9	85.7	8.8	20	0.7	1.7	18	1.9	-4.4	1,692
Rochester G&E	30/13	22	12.8	9.3	121.3	7.4	19	0.8	2.7	28	-20.8	4.6	754
Midwest Energy	50/10	23	12.7	16.0	136.3	7.3	4	9.3	5.3	14	4.8	32.0	571
Wicor	63/67	24	12.4	13.8	64.4	4.4	23	0.1	7.7	10	5.6	60.0	734
DPL	23/17	25	12.1	11.7	119.2	9.7	18	0.8	6.0	24	-4.4	-25.2	974
Niagara Mohawk Power	17/ 6	26	12.1	7.2	119.7	6.5	13	1.3	6.4	29	-43.3	1.0	2,776
Public Service NM	31/10	27	12.0	def	96.2	def	3	14.1	11.5	25	-7.0	P-D	79
Atlanta Gas Light	NA/NA	28	12.0	12.8	102.2	4.7	25	-0.7	-0.8	1	12.3	10.3	976
Montana Power	13/11	29	11.8	9.4	63.6	10.4	5	7.1	10.8	26	-7.1	30.0	720
Diversified Energies	72/61	30	9.9	13.3	74.2	4.7	28	-2.2	13.4		NM	34.0	742
Nipsco Industries	40/ 8	31	5.5	7.8	130.1	6.6	31	-4.2	2.3		NM	60.9	1,491
Eastern Gas & Fuel	70/76	32	3.9	10.6	58.4	7.2	35	-9.4	-13.5		NM	223.4	673
UGI	58/●	33	3.8	14.2	54.4	7.8	36	-10.3	0.8		NM	31.2	423
Nicor	89/85	34	0.2	18.2	62.2	7.1	34	-7.8	-2.7		NM	32.3	1,473
CMS Energy	40/21	35	def	20.2	205.0	9.8	17	0.8	0.8		NM	46.0	2,880
Michigan Consolidated	●/●		NA	18.5	93.2	3.9	33	-6.5	-4.9		NM	-5.0	1,221
Medians			13.3	13.6	85.7	7.2		0.8	1.9		0.7	9.1	
Integrated													
Equitable Resources	70/55	1	18.0%	8.0%	58.4%	9.3%	2	-0.7%	-4.0%	3	-3.1%	-3.3%	$392
Consol Natural Gas	86/●	2	14.2	12.5	36.7	8.4	7	-6.9	1.8	2	1.2	16.4	2,358
National Fuel Gas	●/●	3	13.5	10.8	62.0	5.5	5	-5.5	4.3	1	3.5	10.7	769
Questar	●/●	4	12.8	3.3	48.9	3.4	3	-1.3	2.1	6	-11.8	-62.1	498
Arkla	●/●	5	12.4	9.2	112.3	5.1	4	-3.9	60.5	4	-5.9	-11.3	1,970
Pacific Enterprises	57/69	6	11.2	13.8	97.6	4.1	1	4.4	9.4	5	-11.8	-1.8	5,738
Oneok	87/●	7	9.2	6.7	76.1	3.8	10	-11.9	-2.7	7	-17.3	11.0	571
KN Energy	●/●	8	9.0	15.9	90.1	6.9	8	-9.1	10.0	8	-22.9	500.0+	334
Columbia Gas System	●/●	9	5.4	6.0	97.1	3.2	9	-11.6	12.8		NM	-13.9	3,150
Enserch	44/●	10	2.4	def	99.6	def	6	-6.4	0.6		NM	P-D	2,768
Medians			11.8	8.6	83.1	4.6		-5.9	3.2		-11.8	-2.6	
Industry medians			12.7	12.3	91.6	6.7		-0.7	1.8		-5.1	6.0	
All-industry medians			13.9	14.1	45.7	4.9		9.5	11.6		3.9	18.4	

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

OIL



Profits should remain strong, but don't expect them to keep growing at the rate they did in 1988.

By Toni Mack

FROM THE VANTAGE POINT of 1989, the oil industry may wind up looking back on 1988 as the good old days. Oil prices weren't great, averaging around $16 a barrel for the year, but profits in chemicals, refining and marketing went through the roof. As a result, for companies with strong operations "downstream," like Amoco, earnings increases well into the double digits were not uncommon.

That kind of growth will be hard to duplicate this year. Prices will depend on whether the 13 nations of the OPEC oil cartel hold production down to 18.5 million barrels a day, as they have agreed. The past suggests they won't—at least not for a full year. So crude prices aren't likely to rise much from present levels.

Barring a recession, downstream operations should stay strong. "After lots of very painful restructuring, and after six straight years of economic growth, both the refining industry and the chemical industry are operating at close to full capacity," says Thomas Burns, Chevron's manager of economics and corporate planning. It's the growth that will be impossible to match. Robust demand helped Exxon's downstream profits triple in 1988's first nine months, to $2.2 billion. They won't triple again this year.

Two trends that will persist: restructuring and an interest in buying natural gas properties. Sun Co. restructured itself, for example, by spinning off its domestic exploration outfit, keeping refining, marketing and foreign exploration for itself. Look for more moves like this. The yen for gas properties—witness Chevron's $2.6 billion purchase of Tenneco's Gulf of

Yardsticks of management performance		Profitability					Growth					Sales
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
International oils													
Exxon	[illegible]	1	17.7%	16.4%	15.7%	6.8%	5	-5.4%	10.3%	2	7.3%	20.1%	$79,571
Amoco	45/77	2	13.8	17.1	21.8	9.8	7	-7.9	9.0	6	-8.8	78.8	21,047
El du Pont de Nemours	38/[illegible]	3	11.6	15.1	20.6	6.6	3	0.0	11.0	1	12.2	27.3	32,249
Chevron	89/8	4	10.9	13.1	42.2	7.1	4	-5.0	5.6	4	0.0	-12.5	25,852
Mobil	84/79	5	10.2	12.6	38.3	4.1	3	-3.9	6.5	3	2.5	14.5	51,427
Occidental Petroleum	20/2	6	6.1	5.7	117.3	1.8	2	-2.9	9.8	5	-3.2	90.3	18,522
Texaco	•/•	7	def	def	78.2	def	6	-6.4	7.2		NM	P-D	35,171
Medians			**10.9**	**13.1**	**38.3**	**6.6**		**-5.0**	**9.0**		**0.0**	**20.1**	

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Better all the time

When John J. (Jack) Murphy took over as chief executive in 1983, Dresser Industries was a hodgepodge of different businesses—industrial abrasives and mechanics' hand tools, life insurance and fire hydrants. Since then, Murphy has disposed of those and 15 other lines, leaving a core of operations serving the energy industry. His strategy: "To position ourselves to move with the [energy] investment cycle. We're there now."

Dresser lately has reaped business from both ends of that cycle—drilling wells, for which Dresser supplies items like drill bits and well logs; and building petrochemical plants, which Dresser can design, construct and provide with turbines, compressors and controls. The result: a net profit of about $117 million, or $1.75 a share, in the fiscal year ended in October. That's over eight times 1987 results.

Murphy, 57, a mechanical engineer who earned an M.B.A. from Southern Methodist University in 1981, has restructured Dresser's balance sheet, too. Long-term debt is now 15% of capital, and Murphy has spent $322 million to buy in 15% of Dresser's common.

Still, cash has piled up to about $400 million recently. "An acquisition would be our choice," he says, "but the prices being paid for businesses we're interested in are way beyond reasonable returns. If we can't put the money to work [in an acquisition], then it makes our stock look even more attractive" to buy back. At a recent 27⅞, the stock trades at a mere 12 times expected 1989 earnings of $2.30. That's especially cheap compared with P/Es of 15 for Schlumberger and 17 for Halliburton, which get little benefit from the petrochemical boom.

John J. Murphy of Dresser Industries

Jim Knowles-Picture Group

OIL

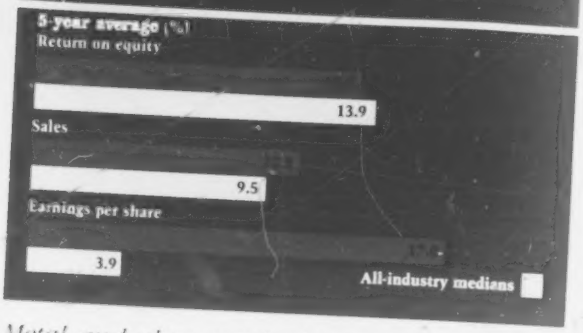
Mexico tracts—represents a bet on an imminent turn in the gas market. Though oil prices will keep a cap on gas prices for most of the year, gas demand is at long last coming into balance with supply.

In oil services, says PaineWebber analyst James L. Carroll, "revenues were higher last year than the previous year—the first time that's happened since 1982." Because service companies have cut costs to the bone, much of the extra revenue fell to the bottom line. At Halliburton, nine-month earnings quintupled, to $72.8 million, on a 21% rise in revenues, to $3.5 billion. But oil companies, whose drilling budgets become service companies' revenues, abhor nothing so much as uncertainty, and confusion over oil prices is likely to dampen further growth in 1989. ■

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Other oil and gas													
Holly Corp	•/•	1	22.7%	99.6%	58.1%	5.9%	22	–10.7%	36.8%	5	–1.3%	500.0+%	$385
Equitable Resources	30/45	2	18.0	8.0	58.4	9.3	7	–0.7	–4.0	6	–3.1	–3.3	392
Getty Petroleum	•/•	3	16.8	30.1	102.6	2.1	2	59.6	7.7		NM	246.2	1,204
Coastal Corp	56/ 7	4	15.0	12.4	229.0	1.5	3	5.0	13.2	4	4.6	–23.7	8,181
Mapco	82/65	5	14.2	19.4	48.0	5.5	12	–5.2	17.8	3	6.7	76.3	1,822
Union Texas Petrol	•/•	6	12.0[a]	44.9	144.0	9.2	23	–11.0	–0.9		NM	D-P	1,162
Unocal	86/•	7	11.1	def	215.8	def	13	–5.3	8.6	8	–21.7	P-D	8,771
Atlantic Richfield	89/84	8	10.6	26.1	94.0	8.9	25	–11.2	12.6		NM	62.9	17,302
Quantum Chemical	26/26	9	10.3	35.6	165.7	11.1	4	4.4	32.0	2	24.2	83.1	3,122
Phillips Petroleum	82/57	10	9.4	32.5	249.6	4.8	18	–8.7	11.7	11	–39.7	D-P	11,351
Sun Company	•/81	11	8.8	0.2	42.1	0.2	26	–11.5	7.7	7	–5.3	–96.4	8,955
Quaker State	77/62	12	7.8	4.0	33.1	1.6	8	–1.2	–5.4		NM	D-P	808
Pacific Resources	•/•	13	7.6	7.8	66.1	1.9	20	–9.4	–1.8		NM	420.0	895
Pennzoil	89/76	14	7.6[b]	def	90.7	def	15	–5.6	23.7	9	–36.3[d]	P-D	2,098
Mitchell Energy	36/59	15	7.0	0.3	158.1	0.3	24	–11.2	3.8	10	–38.5	–66.7	578
Ashland Oil	57/28	16	6.7	19.2	75.1	2.2	11	–4.7	19.3		NM	54.1	8,200
Union Pacific	24/26	17	6.6	14.4	75.6	8.9	9	–1.7	16.4		NM	4.6	6,701
Cabot	44/ 8	18	6.4	10.6	52.0	3.7	10	–3.6	17.7		NM	59.9	1,677
Louisiana Land	•/•	19	6.0	def	82.8	def	19	–9.4	–1.1		NM	D-D	754
American Petrofina	75/DP	20	4	15.5	46.9	4.3	5	1.4	13.7		NM	50.5	2,631
Hadson	•/•	21	4.6	5.0	141.2	1.0	1	118.7	58.6	1	45.6[c]	–29.0	597
PS Group	86/NA	22	4.5	21.2	98.0	18.1	6	1.3	–38.4		NM	23.2	294
Amerada Hess	•/•	23	1.8	def	63.4	def	29	–13.7	–2.3		NM	P-D	4,277
Kerr-McGee	72/32	24	1.5	6.7	44.4	3.4	16	–7.9	5.4		NM	18.9	2,695
Murphy Oil	•/88	25	1.5	def	51.5	def	27	–12.4	6.5		NM	D-D	1,463
Crown Central Pet	•/•	26	1.0	39.3	1.2	6.5	21	–10.6	12.3		NM	D-P	1,158
Valero Energy	86/•	27	def	def	40.1	0.1	28	–12.6	–14.0		NM	P-D	768
USX	64/61	28	def	10.6	108.3	3.7	14	–5.4	26.4		NM	D-P	15,713
Tesoro Petroleum	•/•	29	def	def	45.3	def	30	–14.1	–14.5		NM	D-D	1,124
Charter	•/84	30	def[a]	98.3	40.4	13.9	33	–29.4	–40.6		NM	79.4	599
Diamond Shamrock R&M	NA/NA		NA	11.2	70.1	1.6	17	–8.1[d]	10.7		NM	–33.3	1,822
Maxus Energy	•/•		NA	def	186.2	def	32	–23.5[c]	–34.2		NA	D-D	600
Tosco	•/•		NA	59.5	84.1	4.9	31	–22.8	18.3		NM	D-P	1,222
Medians			**6.8**	**10.6**	**75.1**	**2.2**		**–8.1**	**8.6**		**NM**	**23.2**	
Oilfield services													
Valhi	25/NA	1	38.6%[b]	11.3%	240.3%	1.5%	1	31.8%	125.7%	1	10.3%[d]	–56.3%	$2,215
Schlumberger	52/58	2	4.6	17.5	5.9	13.7	4	–5.9	17.0		NM	D-P	4,914
Halliburton	55/41	3	0.6	5.2	9.5	2.4	6	–14.1	39.5		NM	466.7	4,463
Dresser Industries	57/51	4	def	7.7	17.4	3.1	2	–3.3	21.6		NM	D-P	3,834
McDermott Intl	27/•	5	def	def	148.4	def	3	–5.8	–18.3		NM	D-D	2,302
Cameron Iron Works	68/62	6	def	def	36.8	def	7	–14.7	17.0		NM	D-D	538
Baker Hughes	71/•	7	def	6.0	47.9	2.6	5	–10.9	20.4		NM	D-P	2,316
Smith International	•/•	8	def	23.3	105.7	5.2	8	–21.8	19.0		NM	D-P	322
Medians			**def**	**6.8**	**42.4**	**2.5**		**–8.4**	**19.7**		**NM**	**–56.3**	
Industry medians			**6.6**	**10.9**	**64.8**	**2.8**		**–6.1**	**10.5**		**NM**	**25.3**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

•90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

PACKAGING



Metal and glass got the biggest deals, but King Plastic remained the growth leader

By Robert T. Grieves

BOTTLES PLAYED DEAD in 1988, cans rose some, but King Plastic led the packaging industry, which had 13.4% in sales growth. Why? Consumers want to take a pre-packaged dinner off the supermarket shelf, no matter how long it has been sitting there, stick it in a microwave oven and have the result taste like cordon bleu cooking. In addition, both shippers and retailers want to cut down on breakage from hauling and handling.

Result: Everything from mustard and peanut butter to mayonnaise, baby food and liquor has begun to be packed in plastic rather than in glass, formerly the food container of choice. That strong demand, coupled with moderating raw material prices for plastic late in the year, put a number of firms in good competitive positions for further gains in 1989.

Yardsticks of management performance		Profitability					Growth					Sales
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Packaging													
Anchor Glass	●/●	1	133.2%[b]	5.1%	476.3%	11.5%	7	19.7%	52.0%				
Envirodyne Industries	87/●	2	39.3[b]	33.8	52.3	9.3	1	135.9	7.4	1	164.6%[c]	–7.3%	$993
Jefferson Smurfit	74/49	3	29.7	–52.9	52.7	11.2	6	20.0	17.5	2	118.1	30.5	484
James River Corp Va	32/25	4	19.4	10.7	80.0	4.1	4	33.9	15.6	4	40.8	94.5	1,234
Sonoco Products	75/60	5	17.8	22.0	62.8	5.3	8	17.6	32.7	13	12.6	22.0	5,306
										12	16.6	30.4	1,573
Ball Corp	67/75	6	17.4	14.2	28.1	5.3	19	4.1	–3.3	14	12.5	–12.0	1,055
Avery International	40/30	7	16.0	10.5	43.8	3.2	10	14.2	10.3	17	3.9	–16.5	1,552
Longview Fibre	52/32	8	14.8	33.0	39.7	14.7	14	8.6	12.2	3	60.4	49.6	628
Bemis	69/61	9	13.7	16.1	58.7	3.6	16	6.5	13.4	5	28.9	26.4	1,040
Federal Paper Board	21/3	10	13.5	22.7	58.6	10.4	9	16.1	4.9	11	17.3	61.1	1,066
Standard Shares	36/39	11	13.2	10.8	12.7	2.3	13	9.0	16.7	15	7.8	–34.5	743
Crown Cork & Seal	●/●	12	13.2	15.4	1.6	5.1	18	5.7	7.8	7	23.3	16.9	1,814
Dennison Mfg	49/50	13	12.8	14.6	36.0	4.8	20	3.5	–1.2	19	1.6	–6.5	709
Temple-Inland	60/63	14	12.4[b]	19.8	45.7	10.7	17	6.4	10.6	9	21.0[d]	50.5	1,727
Union Camp	32/●	15	11.8	19.4	42.0	10.7	15	7.7	15.8	16	5.3	50.8	2,585
Constar Intl	●/86	16	11.3	11.3	126.7	1.6	21	0.9	31.0	18	1.8[d]	21.9	556
Mead	25/34	17	11.0	26.4	87.1	5.7	12	9.6	10.0	6	24.2[d]	128.3	4,482
Stone Container	61/NA	18	10.3	39.3	99.5	5.8	3	47.1	27.0		NM	110.8	3,671
Chesapeake	24/13	19	9.1	21.4	80.6	7.3	5	24.9	6.1	8	22.4	131.5	700
International Paper	37/46	20	6.5	16.3	40.7	5.5	11	11.9	16.7	10	18.0	63.7	8,963
Kerr Glass Mfg	●/●	21	det	det	356.5	det	22	–12.8	9.4		NM	P-D	271
Triangle Industries	NA/NA	22	det[b]	det	500.0+	det	2	51.5[c]	500.0+		NM	P-D	3,029
Gaylord Container	NA/NA		NA	93.6	500.0+	6.2		NA	35.9		NA	NA	671
Industry medians			13.2	16.3	58.7	5.3		10.8	13.4		17.0	28.4	
All-industry medians			13.9	14.1	45.7	4.9		9.5	11.6		3.9	18.4	

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Among them: Minneapolis' Bemis Co., which derives about half of its revenues from flexible plastic containers, and Chattanooga, Tenn.'s Constar International, the industry's purest play in rigid plastic containers.

Meanwhile, consolidation, the packaging industry's decade-old trend, continued during 1988 in metal and glass, which lost market share. The merger activity helped many industry stocks outperform the stock market and helped push the industry median return on equity up 16.3% over last year's return of 14.4%.

Glass in 1988 suffered from weakening prices as the two industry leaders, Owens-Illinois and Anchor Glass Container, fought to keep capacity up by keeping plants open to get whatever revenues they could. Corona beer, imported from Mexico in long-necked bottles, and bottled Japanese dry beer triggered a vogue in bottles at Anheuser-Busch and Miller. But that alone won't be enough to lift glass from the doldrums in 1989.

Owens-Illinois' acquisition in February of Brockway, Inc. for $759 million allowed it to capture 40% of the glass container market and displace Anchor Glass, with 25%, as the market leader. Because of that massive market share, the Federal Trade Commission is reviewing the merger.

The big news in packaging was French-owned Pechiney's $1.26 billion tender offer for Triangle Industries ($3 billion sales), the biggest packaging company in the world through its ownership of American National Can Co. Pechiney, which produces aluminum and heavy carbon products, has agreed to pay $56 per common share for Triangle, $101 per share of preferred. The Triangle deal may prompt other aluminum producers, such as Alcan and Alcoa, to begin prowling for similar consumer packaging businesses. ■

Pure plastics play

Chattanooga-based Constar International (revenues, $556 million) is the only pure plastics play in the packaging industry—and for that very reason it's been overlooked by many investors. During 1988 its stock price gains lagged its competitors', which as a group outperformed the market. But in the last several weeks of the year, Constar's stock was flat, and even declined a bit.

Investors have steered clear because Constar, as a pure plastics play, is especially vulnerable to price hikes in polyethylene terephthalate, the stuff from which 80% of Constar's plastic containers is made. The commodity's price has been marching upward for the past year and a half, and, unlike most of its packaging competitors, Constar hasn't been able to hedge that cost with revenues from a paper or glass division.

Yet there may be opportunity here. In the last months prices have begun to stabilize from increased capacity. That, and the restructuring efforts of Chairman Charles F. Casey, 61, have put Constar in much better shape.

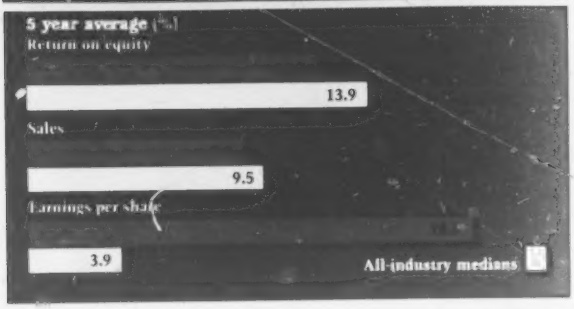
The firm had been saddled with $115 million in debt, much of it from the purchase of new plastic container machinery and plant remodeling. In addition, it was burdened with the operating costs of a 34-unit restaurant chain that provided a measly 6% of revenues and 14% in operating profits. In November 1988 Casey sold the restaurants to Marriott for about $35 million. That cut Constar's debt to $80 million and left the firm with just one subsidiary, Atlanta-based Sewell Plastics, which runs 23 plants in 14 states and controls the biggest share—40%—of the expanding plastic soft drink and food container market.

"We are now aggressively pursuing new market opportunities for plastic containers at home and abroad," says Casey. His goal: to double sales to $1 billion within the next five years. To achieve that, Casey will need prices to stay steady or fall. Constar will also have to corner a sizable market share of the most popular plastic containers around. But if he succeeds, more than a few investors will wish they'd gambled a little sooner.

Chuck Rogers

Charles F. Casey of Constar International

PAPER



A fourth year of strong growth seems likely, but questions loom for 1990.

By Steve Weiner

THE WORLD LOOKS A LITTLE like a three-year-old ticker-tape parade to this highly cyclical industry. With the dollar still weak and the domestic economy still growing, demand for paper continued to set new records in 1988. Profits rose 50% or more for most paper manufacturers (matching 1987's rate of gain), and industry returns on equity, averaging more than 19%, topped the market as a whole for the first time since 1975.

So why are the price/earnings ratios of paper stocks at a 40% discount to the market as a whole? Because paper stocks are unusually sensitive to recessions, and wary investors apparently don't believe the recovery will last through 1989. "It seems to us that the market has discounted paper stocks for the next two recessions, not just the next one," says Raymond E. Cartledge, chairman and chief executive officer of Union Camp Corp., a maker of office papers, linerboard, pulp-related chemicals and boxes.

If a downturn is coming, there's little sign of it now. The price of wood pulp, the basic raw material for paper, rose an average 25%, to about $760 a ton, during 1988. Prices for linerboard and various grades of paper rose in a range from 15% to 20% last year and should move higher this year.

A slump, if it comes, should begin to appear late in the year, and probably will first involve commodity products such as linerboard, which has had a 60% price runup since the end of 1985. Among the more leveraged producers, those at greatest risk in a recession are Stone Container, Gaylord Container, Great Northern Nekoosa and Jefferson Smurfit.

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Paper													
Albany International	●/●	1	23.3%[b]	23.8%	92.1%	7.9%	6	12.2%	16.1%	5	49.4%[c]	37.5%	$448
PH Glatfelter	●/●	2	21.7	26.7	22.0	13.4	15	8.6	49.9	9	22.9	47.6	553
Consolidated Papers	●/●	3	19.5	23.9	0.0	16.6	21	6.2	23.7	12	20.0	77.2	877
James River Corp Va	68/75	4	19.4	10.7	80.0	4.1	2	33.9	15.6	16	12.6	22.0	5,306
Pentair	49/18	5	15.8	20.0	31.3	5.0	4	23.3	1.9	20	3.8	153.9	799
Kimberly-Clark	20/28	6	15.6	23.0	48.9	7.0	10	10.4	10.8	17	11.6	31.4	5,256
Willamette Inds	67/78	7	15.0	26.1	54.8	9.7	20	7.6	20.4	1	72.9	47.3	1,650
Longview Fibre	38/46	8	14.8	33.0	39.7	14.7	14	8.6	12.2	3	60.4	49.6	628
Bowater	●/●	9	14.4	20.1	32.3	10.7	17	8.1	22.4	21	–2.1	120.1	1,392
Federal Paper Board	67/86	10	13.5	22.7	58.6	10.4	5	16.1	4.9	14	17.3	61.1	1,066
Scott Paper	26/36	11	13.3	23.6	75.3	8.5	7	12.1	13.4	7	28.6	76.5	4,542
Media General	28/47	12	12.5	14.1	61.4	6.7	11	9.8	6.8	22	–3.1	115.5	748
Union Camp	48/84	13	11.8	19.4	42.0	10.7	19	7.7	15.8	19	5.3	50.8	2,585
Westvaco	●/●	14	11.8	17.1	43.2	9.4	22	5.6	12.1	15	15.2	37.8	2,134
Pope & Talbot	52/46	15	11.2	22.1	51.7	6.4	16	8.4	19.3		NM	4.1	480
Mead	73/59	16	11.0	26.4	47.1	7.7	12	9.6	10.0	8	24.2[d]	128.3	4,482
Gt Northern Nekoosa	72/63	17	11.0	25.2	79.3	9.1	9	11.5	46.1	18	9.4	70.9	3,421
Stone Container	31/NA	18	10.3	39.3	99.5	7.9	1	47.1	27.0		NM	110.8	3,671
Potlatch	68/83	19	9.8	16.9	53.0	9.9	25	3.3	7.0	6	42.2	26.9	1,051
Georgia-Pacific	32/41	20	9.6	17.5	80.0	4.9	11	7.9	12.5	4	50.9	14.6	9,171
Chesapeake	65/85	21	9.1	21.4	80.6	7.3	3	24.9	6.1	11	22.4	131.5	700
Weyerhaeuser	42/59	22	8.1	15.0	48.8	7.0	13	8.8	15.6	10	22.8	29.1	7,694
Boise Cascade	54/69	23	6.9	18.3	58.2	6.7	23	4.6	6.3	2	66.9	86.8	4,035
International Paper	32/31	24	6.5	16.3	40.7	7.5	8	11.9	16.7	13	18.0	63.7	8,963
Champion Intl	74/74	25	6.4	14.3	56.8	8.4	24	3.7	10.1		NM	14.0	4,972
Gaylord Container	NA/NA		NA	93.6	500.0+	6.2		NA	55.9		NA	NA	671
Industry medians			**11.8**	**21.8**	**53.9**	**7.9**		**8.8**	**14.5**		**18.0**	**50.8**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page ??

An economic recession won't necessarily have the usual strongly negative effect on the industry. In previous cycles, paper companies added so much capacity in the good years that they outstripped demand; this led to oversupplies, huge inventories and price declines. This time, though, new capacity has more closely matched actual demand. Despite a 14% increase in pulp and paperboard shipments last year, for instance, inventories actually declined 1%.

What's more, the weak dollar has kept exports high, up 8% in 1988. The best companies can ship paper to the Far East at costs that beat Japanese production by $100 or more a ton. Companies that benefit most from this continuing export opportunity include International Paper, Union Camp, Stone Container and Great Northern Nekoosa. ■

"We sit in wonderment"

Thomas Ingeland

Raymond E. Cartledge of Union Camp

With earnings up by perhaps 50% for a second consecutive year, these are turnaround days for the paper industry. All the more so for $2.6 billion (sales) Union Camp Corp., the Wayne, N.J.-based producer of high-quality, uncoated office papers and linerboard.

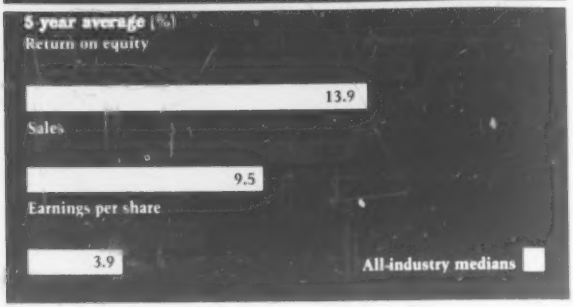
While others in the industry, notably Stone Container and Jefferson Smurfit, have grown by acquisition, Union Camp has taken the slower, quieter route of investing internally to improve quality and add capacity. Some $1.4 billion of capital spending in the last five years has boosted production by 17% and improved quality to the point that Union Camp's mills now produce first-quality business paper 94% of the time, several points better than the industry as a whole.

Union Camp's profits plunged 48% in 1985, far worse than most in those days of a devastatingly strong dollar. But recent earnings gains have been spectacular—up 60% in 1987, to $207 million, or $2.83 a share, and up another 46% after three 1988 quarters. Its return on equity, now at nearly 20%, finally matches industry performance of the last 12 months and is 65% better than Union Camp's five-year average return of 11.8%. "And our ability to produce first-grade products at lower costs is significantly better than those who bought older facilities," says Raymond E. Cartledge, chairman, president and chief executive officer.

Is the turnaround complete? Not by a long shot. Cartledge plans to spend another $2.5 billion between now and 1992 to raise production by 26%, to 3.4 million tons of paper and linerboard a year. Even so, the stock, trading recently near 33, hasn't risen above its year-ago level. It trades at a multiple to estimated 1988 profits of 7.7, about average for the industry, which has tended to trade 40% below the market.

Why so low? "Maybe we're just a little bit boring," says Cartledge. "Markets are growing, we're hitting profit records and making substantial investments in the future, yet we and the industry are out of favor. Sometimes we sit in wonderment." We do, too.

RETAILING



In 1988 sales were sluggish, so were earnings. The best bargains may have been the stores themselves.

By Jeffrey A. Trachtenberg

TOP RETAILERS IN 1988 did almost as much buying and selling of each other as they did of merchandise. Leading the way was the Campeau Corp., which acquired Federated Department Stores for $6.7 billion in May. To help finance the package Campeau promptly sold Brooks Brothers for $740 million to famed British retailer Marks & Spencer. Campeau has since raised another $3 billion by selling Bullock's/Bullock's Wilshire, I. Magnin, Filene's, Filene's Basement, MainStreet, Foley's, the Children's Place and Gold Circle. Most recently, Campeau agreed to sell its Ann Taylor division for a reported $430 million to an investment group led by retailer Joseph Brooks.

Robert Campeau was not the only eager buyer of big retailers. Other major deals included the $2.5 billion American Stores paid for supermarket chain Lucky Stores; the management-led leveraged buyout, for $1.6 billion cash, of Montgomery Ward from Mobil Oil; the acquisition of Zayre's discount stores for $800 million by Ames; and the acquisition of Best Products for $1.1 billion by Adler & Shaykin.

Why all the activity in an industry with less than 5% sales growth in 1988? Part of the answer lies in the rising value of the real estate on which many of the stores sit. Other acquirers spotted undervalued assets in the hands of sleepy managers. Thus, Campeau bought Federated after an analysis showed that the latter's overstaffed bureaucracy was failing to capitalize on opportunities. "They could have spun off Bloomingdale's for $2 billion, much the way Zayre capitalized by spinning off T.J. Maxx," says retail consultant Howard Davidowitz. "Federated had more vice presidents than the big banks."

Others had equally compelling reasons to sell or buy. For years Zayre's management had treated its 388-unit discount department store chain like a cash cow, investing the profits in T.J. Maxx or its BJ's Wholesale Clubs. But the Zayre chain itself rarely upgraded or remodeled, and several years ago began to lose money. In Zayre, Ames saw an opportunity to buy a famous name with good leases at less then book price. If Ames can turn the Zayre chain around, it will have made one of the shrewdest retail acquisitions in years. Ames has already decided to close 74 Zayre units.

Meanwhile, retailers everywhere have other things on their minds besides takeover games. Consumer spending remains weak, partly because money is tight, partly because working wives don't have time to browse the department stores. Hence retail sales of women's apparel—the biggest single

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Apparel													
Limited	●/●	1	45.6%	25.5%	90.7%	5.1%	1	39.7%	6.5%	1	45.8%	–23.5%	$3,725
Charming Shoppes	●/●	2	31.2	14.8	8.3	4.2	2	29.8	16.4	3	28.1	–27.8	687
Gap	●/●	3	26.4	23.1	7.8	5.4	6	19.5	24.8	2	33.8	–20.7	1,188
Burlington Coat	●/●	4	23.2	14.0	9.3	3.8	3	27.3	21.1	6	16.7	4.7	547
Melville	34/36	5	22.7	21.3	3.6	4.8	8	11.9	15.2	7	12.6	20.7	6,504
Nordstrom	●/●	6	19.3	20.3	57.5	5.0	4	26.3	17.7	4	22.0	26.7	2,164
Zayre	55/80	7	18.4	def	68.7	def	5	24.2	–23.7	5	17.4	P-D	4,417
Petrie Stores	●/●	8	17.0	7.5	20.9	3.4	7	18.9	–5.3	8	3.4	–44.5	1,189
US Shoe	66/57	9	12.6	3.1	44.1	0.7	9	11.2	4.6	10	–15.1	–60.4	2,223
Hartmarx	54/20	10	12.5	10.8	40.8	3.3	10	4.3	9.0	9	–1.9	13.1	1,157
Medians			**21.0**	**14.4**	**30.8**	**4.0**		**21.9**	**12.1**		**17.1**	**–22.1**	
Catalog showrooms													
Spiegel	●/●	1	19.0%	14.7%	148.8%	3.1%	2	17.3%	15.4%	1	53.4%	–19.8%	$1,203
Service Merchandise	●/●	2	7.3	17.4	200.4	1.8	1	19.3	9.6		NM	D-P	2,943
Horn & Hardart	75/76	3	2.0	def	295.9	def	3	10.4	7.9		NM	P-D	471
Medians			**7.3**	**15.9**	**215.8**	**1.8**		**17.3**	**9.6**		**NM**	**–19.8**	
Department stores													
Dillard Dept Stores	●/●	1	21.4%	14.8%	51.9%	4.0%	1	26.5%	21.4%	1	23.4%	21.4%	$2,385
Mercantile Stores	●/●	2	17.0	15.0	9.3	6.0	5	8.4	5.1	5	12.6	9.1	2,190
May Dept Stores	60/67	3	16.0	17.9	85.1	4.6	4	8.6	–0.3	4	12.7	18.1	10,585
Strawbridge	●/●	4	15.7	13.1	115.0	2.9	2	11.2	11.9	3	15.4	10.9	869

●90% or more DD: Segment deficit, total deficit DP: Segment deficit, total profit PD: Segment profit, total deficit D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NE: Negative equity NM: Not meaningful a: Three-year average b: Four-year average c: Three-year growth. d: Four year growth. For further explanation see page 77

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Sears, Roebuck	58/43	5	13.1%	10.7%	72.9%	2.8%	3	9.2%	10.9%	6	7.8%	–10.9%	$52,536
JC Penney	•/NA	6	12.8	15.5	81.8	4.4	7	6.2	–2.9	7	7.2	17.3	14,938
Mobil	10/ 6	7	10.2	12.6	38.3	4.1	11	–3.9	6.5	8	2.5	14.5	51,427
Equitable of Iowa	56/33	8	9.5	7.2	7.4	3.1	8	2.6	17.9	2	20.8	1.9	581
Carson Pirie Scott	•/•	9	6.4	2.7	110.3	0.5	6	7.1	27.2		NM	D-P	1,063
Alexander's	•/•	10	5.4	def	57.3	def	10	0.6	0.4	10	–16.4	P-D	525
Carter Hawley Hale	•/•		NA	NA	NE	0.2	9	2.6	–4.6	9	0.0	D-P	2,643
Neiman Marcus Group	•/•		NA	NA	40.3	1.3	12	–84.4	NA		NA	NA	1,223
Medians			**12.9**	**12.8**	**64.6**	**3.0**		**6.6**	**6.5**		**7.8**	**14.5**	
Discount and variety													
Consolidated Stores	•/•	1	51.9%	11.7%	60.4%	2.4%	1	138.7%	20.5%	1	54.5%	–2.9%	$600
Wal-Mart Stores	•/•	2	35.8	33.8	42.1	4.0	4	36.4	28.8	2	35.3	35.7	19,224
Family Dollar Stores	•/•	3	27.4	17.9	0.0	4.1	5	22.1	19.5	5	19.4	14.0	669
Fred Meyer	68/NA	4	21.2	14.4	44.8	1.8	10	11.0	10.1	3	27.3	17.4	1,938
Ames Dept Stores	•/•	5	17.9	9.7	43.4	1.8	3	40.4	11.9	7	8.4	71.9	2,249
Rose's Stores	•/•	6	16.5	5.8	45.7	0.8	8	14.4	5.1	8	5.2	–53.8	1,391
Dayton Hudson	50/52	7	15.9	11.6	108.2	2.0	9	12.5	16.5	9	4.8	–15.7	11,783
Dollar General	•/•	8	15.8	5.5	78.2	1.0	6	16.0	–0.1	11	–18.7	28.0	589
FW Woolworth	64/47	9	15.4	16.0	19.3	3.6	12	6.5	11.5	4	19.9[d]	18.4	7,734
K mart	87/•	10	15.2	16.4	62.2	2.7	11	8.8	6.1	6	12.8	9.5	26,876
Jamesway	•/•	11	14.6	8.2	75.9	1.3	7	15.2	13.8	10	1.2	–53.6	770
Ross Stores	•/•	12	4.7	17.5	36.0	3.3	2	64.6[d]	8.5		NM	D-P	612
Hills Dept Stores	•/•		NA	NE	500.0+	0.6	13	4.3	13.8		NA	–75.6	1,605
Medians			**16.2**	**11.7**	**45.7**	**2.0**		**15.2**	**11.9**		**10.6**	**14.0**	
Drugs													
Rite Aid	•/•	1	23.8%	17.4%	38.1%	3.7%	5	13.5%	31.2%	1	15.1%	–24.3%	$2,699
American Stores	21/24	2	23.2	12.0	276.5	0.9	4	15.5	9.4	4	6.0	–6.0	15,433
Walgreen	•/•	3	22.0	20.8	26.8	2.6	3	15.9	14.1	2	12.7	25.0	4,884
Longs Drug Stores	•/•	4	16.1	18.1	0.0	2.9	7	9.7	9.4	3	7.0	34.7	1,873
Fay's Drug	•/•	5	13.1	16.3	93.8	1.7	6	13.3	10.3	5	–9.7	79.0	518
Pacific Enterprises	32/15	6	11.2	13.8	97.6	4.1	8	4.4	9.4	6	–11.8	–1.8	5,738
Perry Drug Stores	76/NA	7	8.3	def	117.9	def	2	26.4	–3.0		NM	D-D	688
Medco Containment	•/•	8	6.8[a]	9.1	39.2	4.3	1	69.4	58.7		NM	112.3	544
Medians			**14.6**	**15.0**	**66.5**	**2.8**		**14.5**	**9.9**		**–1.9**	**11.6**	
Jewelry													
Jostens	51/NA	1	22.3%	59.0%	52.5%	15.0%	1	10.5%	–3.4%	1	10.5%	91.2%	$564
Gordon Jewelry	NA/NA	2	4.3	def	6.5	def	2	–3.1	0.4		NM	D-D	390
Medians			**13.3**	**25.8**	**29.5**	**5.7**		**3.7**	**–1.5**		**NM**	**NM**	
Shoes													
Brown Group	80/•	1	12.7%	12.0%	40.1%	2.5%	3	1.7%	13.2%	2	–4.9%	0.8%	$1,732
Edison Bros Stores	57/•	2	10.7	def	53.6	def	1	5.2	–0.8		NM	P-D	898
Interco	27/31	3	9.3	11.5	24.4	4.9	2	3.5	–1.5	1	4.1	7.5	2,986
Genesco	46/20	4	2.8	12.0	54.1	2.6	4	–8.0	–4.1		NM	–44.0	433
Medians			**10.0**	**11.7**	**46.9**	**2.6**		**2.6**	**–1.2**		**NM**	**–21.6**	
Miscellaneous													
Best Buy Co	•/•	1	60.2%	3.1%	59.9%	0.4%	4	112.3%	50.4%	1	64.1%	–72.9%	$497
Highland Superstores	•/•	2	57.7	5.4	54.0	0.8	9	34.9	19.0	12	13.8	–54.2	825
Price Co	NA/NA	3	42.4	24.9	41.8	2.3	6	55.7	25.2	2	51.5	28.7	4,053
Circuit City Stores	•/•	4	34.3	28.8	41.6	3.8	8	40.7	32.7	3	49.4	37.0	1,538
Home Depot	•/•	5	27.4	22.3	24.3	4.0	5	63.3	49.0	4	39.3	61.1	1,849
CVN Cos	54/NA	6	24.6	8.1	6.4	1.9	7	53.6	253.0		NM	D-P	588
General Host	•/•	7	24.6	def	73.3	def	24	–4.0	–25.9	11	14.3	P-D	428
Tandy	86/NA	8	23.3	21.1	10.6	8.1	20	9.9	9.7	15	0.8	20.9	3,892
Toys "R" Us	•/•	9	22.0	19.4	14.4	6.2	12	23.9	38.5	5	22.2	41.0	3,657
Hechinger	•/•	10	19.0	13.4	44.5	5.0	11	24.2	33.7	7	20.1	7.2	879
Sherwin-Williams	65/44	11	18.7	18.4	14.6	5.3	23	–2.3	10.1	8	18.6	–8.0	1,909
Pep Boys	•/•	12	18.4	14.2	68.5	5.7	16	15.9	15.6	9	17.3	5.1	600
Lowe's Cos	•/•	13	17.0	10.3	31.3	2.4	15	18.4	2.7	14	9.4	3.4	2,450
Primerica	45/43	14	12.6	17.7	155.7	5.8	25	–4.4	22.0	6	22.1[d]	1.1	4,235
Valmont Industries	37/25	15	11.7	18.6	74.5	2.1	13	21.3	58.4		NM	72.1	611

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category in department stores—is down. Finally, specialty store retailers like the Limited or Ann Taylor or the Gap, plus wholesale clubs like Price and BJ's, are all drawing customers away from the big chains. These last two trends have hurt not only the department stores but Sears and J.C. Penney as well.

Result: With profit margins now commonly between 4% and 5% of sales, store executives are now forced to spend ever increasing amounts of time on expense ratios instead of merchandising and marketing strategies. "You're seeing item by item analysis," says consultant Nathan Katz. "Expense control is the new discipline." Thus, for example, electrical costs are examined on the basis of the wattage of the bulbs in use, the cost of lighting windows, the supplier of the power itself. Such cosmetics may have some symbolic value in raising the consciousness of the industry, but to get fatter margins and keep them, consumers will have to spend more lavishly than they have in recent years. So far, there seems little sign of that happening any time soon. ■

Yardsticks of management performance		Profitability					Growth					Sales
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Scotty's	●/●	16	10.9%	2.5%	29.6%	0.8%	18	10.8%	6.7%	17	-6.2%	-60.0%	$555
Alberto-Culver	34/22	17	8.4	20.8	36.7	4.5	19	10.2	17.5	10	16.3	55.5	605
Wickes Cos	NA/NA	18	7.7[a]	0.7	115.5	0.4	21	8.4	-18.5	18	-21.5[d]	-94.1	3,595
Intermark	83/83	19	6.3	14.7	401.3	1.8	10	31.9	21.4		NM	381.3	681
Child World	●/●	20	5.9[a]	4.6	13.7	1.2	14	21.1	15.2	13	10.4[c]	-7.1	771
Costco Wholesale	●/●	21	def[a]	12.6	152.9	0.6	3	135.6[c]	44.9		NM	228.6	2,030
Businessland	●/●	22	def	19.1	108.8	2.4	2	163.1[d]	48.1		NM	88.9	963
PACE Membership	●/●	23	def	5.7	41.3	0.5	1	181.3[d]	51.3		NM	500.0+	1,105
Inspiration Resources	47/NA	24	def	9.4	38.1	2.6	17	11.3	16.7		NM	D-P	1,390
American Hoist	NA/NA	25	def	2.9	82.8	1.2	27	-5.7	3.1		NM	D-P	303
Grossman's	●/●	26	def[b]	14.2	171.1	1.2	26	-8.8	4.8		NM	-14.3	1,114
Atari	26/DP		NA	18.6	58.3	4.0		NA	147.6		NA	-19.4	765
Home Shopping	●/●		NA	15.4	240.2	2.5		NA	25.4		NA	-36.4	730
InterTAN	●/●		NA	15.3	27.8	3.9	22	6.2	19.4	16	0.0	NA	583
Medians	—		**14.8**	**14.2**	**44.5**	**2.4**		**21.1**	**21.4**		**9.4**	**14.0**	
Industry medians			**15.8**	**13.8**	**45.7**	**2.6**		**13.3**	**12.6**		**7.2**	**7.5**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77

The Gap snaps back

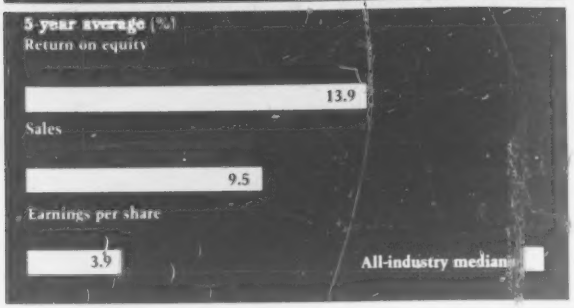
Nobody did it like the Gap this year. Just 12 months ago the San Bruno, Calif.-based retailer of men's and women's sportswear was an ambulance case, the victim of overoptimistic inventory levels. Worse still, its much-heralded Banana Republic division had turned into a dog—how many khaki hiking shorts does anybody need? Since January of 1988, however, the Gap's stock price has doubled, and 1989 earnings should improve, according to Edward Johnson, director of the Johnson Redbook Service. He expects the company to earn $3 a share, up 75 cents from this year's estimate.

What accounts for the turnaround? Under the guidance of President Mickey Drexler, out went the blue jeans, in came a broad mix of brightly colored sportswear modeled suspiciously like the stuff sold by archrival Benetton. The result? For the nine months ended Oct. 31, comparable same-store sales at the Gap were up 6.3%. Problems still remain at the Banana Republic, however, which is trying to switch from safari clothes to something the company vaguely describes as "vacation wear." The Gap's chairman and chief executive, Donald Fisher, is also being dogged by lawsuits from disgruntled shareholders charging him with illegally withholding bad news from shareholders. Even so, this is a company that got knocked flat in the retailing bloodbath of 1987 and has picked itself up nicely since then, again setting the pace for others to follow.

Shonna Valeska

Donald Fisher of the Gap

SURFACE TRANSPORTATION



The railroads are once again doing what they do best: running railroads.

By Jonathan Clements

OVER THE YEARS the railroads have tried their hands at operating energy companies, building contractors, plywood mills and even Caribbean resorts. In 1988 they went back to running railroads. The result was improved earnings prospects and greater respect on Wall Street.

Leading the march were Burlington Northern, CSX and Santa Fe Southern Pacific. Burlington Northern's decision to spin off its natural resources business has pushed its stock up 27% from its 1988 low. CSX' stock has risen 23% as the company continues to buy back 38% of its stock. Next on CSX' agenda is the sale of its energy and resort operations.

At Santa Fe Southern, Chief Executive Robert Krebs gutted his company of valuable assets as he sought to stave off two predators, Henley Group and Olympia & York Developments. Henley backed off in July, but Olympia & York still owns just under 20% of the company's stock.

CNW Corp., meanwhile, spearheaded the fight against overmanning. In September, Congress approved a Presidential Emergency Board's recommendation that allows CNW to cut its train crew size from four men to three. With industry-wide labor negotiations now going on, expect to hear more about pay and crew sizes.

The railroads won a second victory on Capitol Hill when

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Railroads													
Burlington Northern	62/57	1	9.9%	8.2%	73.1%	5.5%	2	10.6%	–19.8%		NM	–65.1%	$5,231
Norfolk Southern	81/●	2	9.2	13.0	12.9	14.4	5	5.5	7.4	2	–10.3%	357.3	4,362
Kansas City Southern	63/76	3	7.5	5.9	82.2	3.5	6	5.5	2.4		NM	D-P	515
Santa Fe Southern	78/35	4	7.3	def	431.3	def	10	–1.9	–31.4		NM	P-D	3,749
CNW	●/86	5	6.8	12.6	106.0	5.3	7	3.5	5.9		NM	21.9	1,000
Union Pacific	75/71	6	6.6	14.4	75.6	8.9	9	–1.7	16.4		NM	4.6	6,701
CSX	82/76	7	6.5	2.9	58.4	2.0	3	7.9	2.1		NM	–67.0	7,675
Trinity Industries	38/19	8	2.1	10.3	95.3	2.8	4	5.3	44.2		NM	408.7	745
GATX	40/52	9	0.3	19.6	500.0+	8.3	11	–12.5	5.0		NM	34.2	555
Soo Line	●/36	10	def	6.7	113.4	2.9	1	21.4	–4.5		NM	D-P	584
Consolidated Rail	●/●		NA	8.0	22.4	9.0	8	–1.5	7.1	1	3.8	11.5	3,426
Medians			6.7	8.2	82.2	5.3		5.5	5.0		NM	21.9	
Trucking and leasing													
Yellow Freight Sys	●/●	1	18.3%	15.6%	37.2%	3.2%	6	14.1%	12.5%	1	25.2%	53.6%	$1,952
Ryder System	77/79	2	17.4	9.5	181.6	2.7	4	17.1	11.8	2	12.9	–30.3	4,932
Carolina Freight	●/●	3	17.3	4.7	73.1	0.9	2	17.3	6.9	4	1.7	–49.2	635
Roadway Services	●/●	4	14.8	10.2	0.0	3.3	7	10.7	12.6	6	–8.6	16.0	2,057
Consol Freightways	87/●	5	13.5	13.5	6.9	3.6	5	14.3	16.3	3	8.7	24.2	2,590
RLC	●/●	6	8.8	13.9	272.5	6.2	8	8.6	–37.7	5	0.1	253.8	275
Preston	●/●	7	5.9	0.0	107.7	1.0	3	17.2	21.2	7	–35.7	P-Z	577
American Carriers	●/●	8	5.6	def	50.7	def	9	8.3	50.2		NM	P-D	589
Budget Rent a Car	●/●		NA	18.5	189.3	3.1	1	27.8	23.9		NM	NA	481
Medians			14.1	10.2	73.1	3.1		14.3	12.6		0.1	–7.1	
Other surface													
Alexander & Baldwin	66/60	1	18.3%	26.9%	48.1%	19.5%	3	9.3%	11.7%	1	24.2%	18.5%	$672
American President	●/●	2	13.3[b]	11.8	62.7	4.0	1	23.4	15.5	2	–5.7	5.2	2,020
Eastern Gas & Fuel	30/32	3	3.9	10.6	58.4	7.2	4	–9.4	–13.5		NM	223.4	673
Avondale Industries	NA/NA		NA	0.7	26.9	0.7	2	9.9[d]	NA		NA	NA	505
Medians			13.3	11.2	53.2	5.6		9.6	11.7		–5.7	18.5	
Industry medians			7.5	10.2	73.1	3.4		9.0	7.4		NM	17.2	
All-industry medians			13.9	14.1	45.7	4.9		9.5	11.6		3.9	18.4	

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they stopped the proposed revision of the 1980 Staggers Act, which authorized the deregulation of the railroads. The proposed bill, which would have led to increased government control of shipping rates, was rejected by the Senate Commerce Committee by one vote. The railroads will surely have to fight this battle again in 1989.

In all this, there was one black spot for shareholders. A Pittsburgh district court ruling has, for now, sidetracked the regional railroad movement. Sales of short-line railroads had become a way of turning marginal branch lines into profitable regional railroads. But since the Pittsburgh decision, only one short-line sale has gone through. In November, the Supreme Court agreed to review the case.

The big three truckers, Consolidated Freightways, Roadway Services and Yellow Freight, all saw earnings rebound as rates finally turned upward in the less-than-truckload (LTL) segment of the market. The top firms further tightened their grip on the market, with Roadway buying Viking Freight and American Freight System, the LTL subsidiary of American Carriers, filing for Chapter 11. ■

Big easy survivor

The past three years have been disastrous for shipbuilders. Todd Shipyards went into Chapter 11 in August 1987. Morrison Knudsen is losing money. Both General Dynamics and Lockheed have closed shipyards.

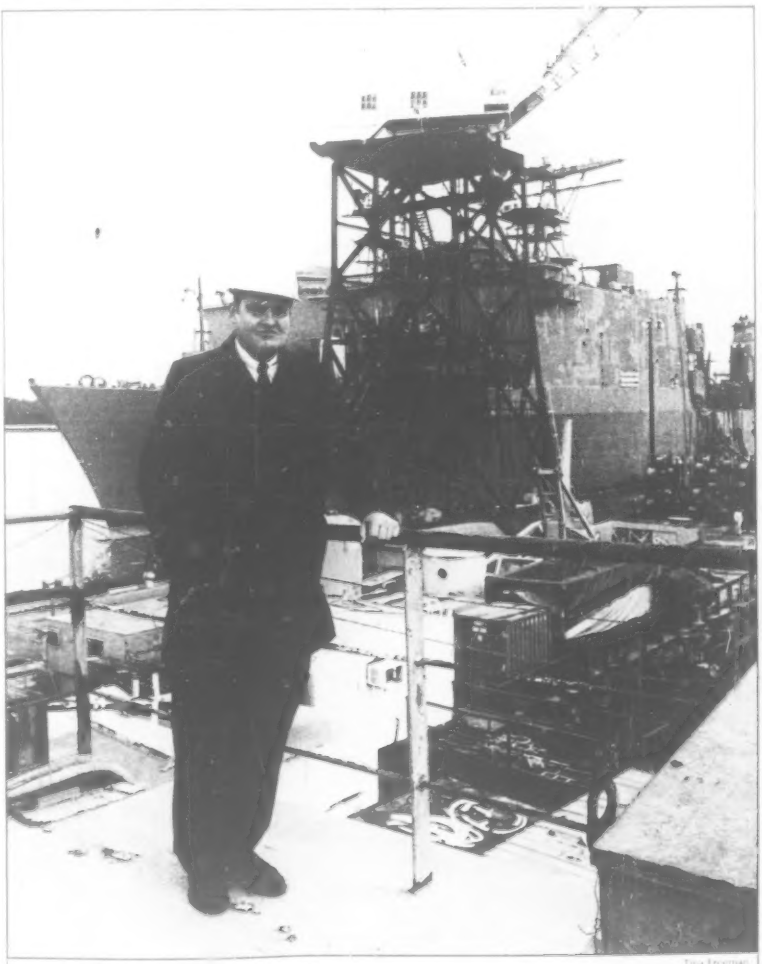
And Avondale Industries? They're doing very nicely, thank you very much. The New Orleans-based shipbuilder might also be struggling but for a fateful 1981 decision by Chief Executive Albert Bossier. With the Japanese devouring the world shipbuilding market, Bossier decided to copy their construction methods, and hired a leading Japanese shipbuilder to teach so-called modular assembly technology to his nonunion work force. What followed was a laborious five-year retraining that has now turned Avondale into one of the U.S.' lowest-cost shipbuilders. Avondale, which lost money in 1986, will likely earn $30 million on sales of $570 million in 1988.

Says Bossier, "In three or four years, it's conceivable there'll be only five or six major shipbuilders left in the U.S. I can't speak for the other people, but we intend to be profitable."

Before the company adopted modular construction, Avondale's welders and engineers would crowd into an already constructed hull to insert decks, pipes and wires. Today, Avondale's workers construct some 200 modular units at a time, in advance, for later final assembly in a completed hull. Result: a labor saving of 20%.

Avondale's employees have plenty of incentive to keep costs down. The shipbuilder was once owned by Ogden Corp., but in 1985 it was bought by Avondale's employee stock ownership plan. Last March the company was taken public, but employees still own 61% of the stock. The shares now trade at eight times 1989 estimated earnings, with sales over the last five years growing at a brisk 9% annually.

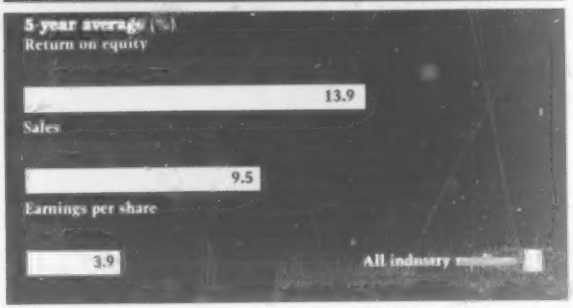
Defense contracts currently account for 85% of Avondale's revenues, so the company has moved to cut its dependence on Pentagon money by turning its modular construction skills to projects like a hydroelectric plant in Vidalia, La., and four hazardous waste treatment plants for Ogden Corp. Meanwhile, the company has a $2 billion backlog of Pentagon contracts to lean on as it moves to diversify.



Avondale Industries' Albert Bossier

Tina Freeman

TELECOMMUNICATIONS



Regulators are learning they can't hold back technology forever.

By Patrice Duggan

THE YEAR JUST ENDED showed a telecommunications industry ready and able to expand into just about every niche of communications technology—if only the regulators, the legislators and the courts would get out of the way. The phone companies stepped up installation of fiber-optic cable to residential customers, and aggressively declared their intention to use their new networks to market everything from video entertainment to electronic information services. To cable TV companies, newspaper publishers and database services, those words promise bitter, and costly, legislative battles to come in Washington.

Meanwhile, there was plenty to keep phone companies busy with basic telephone service. After all, 1988 was also the year that faxes and cellular car phones became more essential to an executive than his Mont Blanc pen.

The watershed event came in March, when U.S. District Court Judge Harold Greene granted the Baby Bells permission to offer certain voice mail and so-called information gateway services. But Judge Greene has yet to give the Baby Bells what many want most—namely, the right to generate the content of the signals they transmit.

Whatever Judge Greene does, there are signs that Washington is growing more receptive to the notion of telecommunications deregulation. For one, the Federal Communications

Yardsticks of management performance		Profitability					Growth					Sales
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Carriers													
PacifiCorp	23/15	1	15.9%	15.1%	93.0%	13.1%	4	9.0%	2.5%	12	0.9%	6.8%	$2,227
Centel	56/85	2	15.8	14.7	109.2	11.5	16	4.1	–9.8	10	4.1	36.9	1,311
Ameritech	●/●	3	15.4[b]	16.5	55.8	12.7	15	4.5[c]	4.1	4	7.6[c]	13.0	9,847
Alltel	78/●	4	15.2	21.1	83.1	15.2	10	6.2	12.0	5	7.0	89.6	813
BellSouth	●/●	5	14.8[b]	13.9	58.7	12.7	5	8.7[c]	9.0	6	6.8[c]	2.9	13,098
Cincinnati Bell	83/●	6	14.5	19.0	58.4	11.8	8	8.3	21.7	1	12.7	41.6	719
Bell Atlantic	●/●	7	14.5[b]	14.9	56.3	12.6	7	8.5[c]	0.0	2	7.8[c]	6.3	10,298
Nynex	●/●	8	14.1[b]	14.2	68.2	10.3	6	8.5[c]	4.9	3	7.8[c]	5.5	12,521
Rochester Telephone	●/●	9	14.1	12.6	75.8	7.8	2	11.3	8.0	13	0.4	–1.4	466
So N England Telecom	●/●	10	13.9	14.0	75.3	9.8	9	6.3	7.6	7	6.7	8.4	1,556
US West	●/●	11	13.8[b]	15.0	63.0	12.6	12	5.2[c]	5.4	9	4.3[c]	20.1	8,821
Southwestern Bell	●/●	12	13.7[b]	12.2	62.4	11.9	17	3.2[c]	7.1	8	4.7[c]	–2.1	8,419
Pacific Telesis	●/●	13	13.7[b]	13.9	68.1	11.5	11	5.3[c]	6.4	11	2.4[c]	6.6	9,470
Contel	66/●	14	13.4	9.0	120.3	4.3	3	10.8	5.0	15	–16.6	–37.5	3,057
GTE	76/●	15	11.9	15.1	109.5	7.6	13	5.2	5.8		NM	17.0	16,226
American Tel & Tel	●/●	16	9.1[b]	15.0	48.2	6.3	18	0.1[c]	2.8	14	–6.3[c]	500.0+	34,456
United Telecom	79/●	17	7.2	10.2	210.4	5.1	14	5.1	6.3		NM	D-P	3,114
MCI Communications	●/●	18	2.4	19.2	213.5	5.5	1	29.6	24.1		NM	D-P	4,744
Western Union	●/●	19	def[b]	def	NE	def	19	–4.9	6.8		NM	D-D	880
Medians			13.9	14.7	68.2	11.5		6.2	6.3		4.1	8.4	

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TELECOMMUNICATIONS

Commission has urged Congress to lift its ban on cross-ownership of cable TV systems by telephone companies. For another, the FCC permitted AT&T to offer discounted long-distance tariffs to special customers, enabling it to fight off challenges from less regulated rivals like MCI and US Sprint.

AT&T hopes for important changes in rate of return regulation in the first quarter of this year. By imposing price caps instead of limiting its return on assets, regulators would allow AT&T more freedom to increase earnings by cutting costs. Meanwhile, 33 states have implemented regulation reforms for local carriers. NYNEX, for one, is now allowed to exceed its previous limit of 14% return on equity in New York State so long as it passes half of its gain to customers, possibly in the form of rate cuts.

The FCC is also moving ahead with its attempt to create an Open Network Architecture. Its purpose: to ensure that the Baby Bell operating companies can continue to function as a unified network. This will become more important as regions begin to figure out different ways of handling new services, like automatic number identification or voice mail. ■

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Manufacturing													
Northern Telecom	●/●	1	19.3%	13.8%	20.4%	6.7%	2	15.7%	5.2%	1	19.8%	0.4%	$6,121
Motorola	36/46	2	11.2	14.1	10.6	5.4	3	11.4	21.8	2	–1.2	56.5	7,889
Penn Central	50/40	3	5.2	4.6	10.2	5.1	6	–11.3	–7.8		NM	–31.7	1,493
Scientific-Atlanta	71/●	4	5.1	13.8	1.2	6.0	4	9.3	–2.1		NM	13.3	505
TIE/Communications	●/●	5	def.	def.	5.1	def.	5	3.5	–1.5		NM	D-D	251
Itel	66/29	6	def.[b]	6.0	232.4	2.0	1	36.2	54.2		NA	D-P	1,534
Medians			5.2	9.9	10.4	5.2		10.3	1.8		NM	6.8	
Industry medians			13.7	14.0	63.0	7.8		6.3	5.8		1.6	8.4	
All-industry medians			13.9	14.1	45.7	4.9		9.5	11.6		3.9	18.4	

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Rocky road

For much of the 1980s GTE Corp. was a company adrift. Burdened by losses from US Sprint, its joint venture into the long-distance telephone market, GTE consistently underwhelmed Wall Street with flat to falling earnings and growth that lagged not just the industry but much of the economy. "This company was unexciting and going nowhere," says Robert Morris of Goldman, Sachs & Co.

Then the board filled the hot seat with James (Rocky) Johnson, 61, a company veteran who joined 39 years ago as an accountant. His mission: to turn the company around.

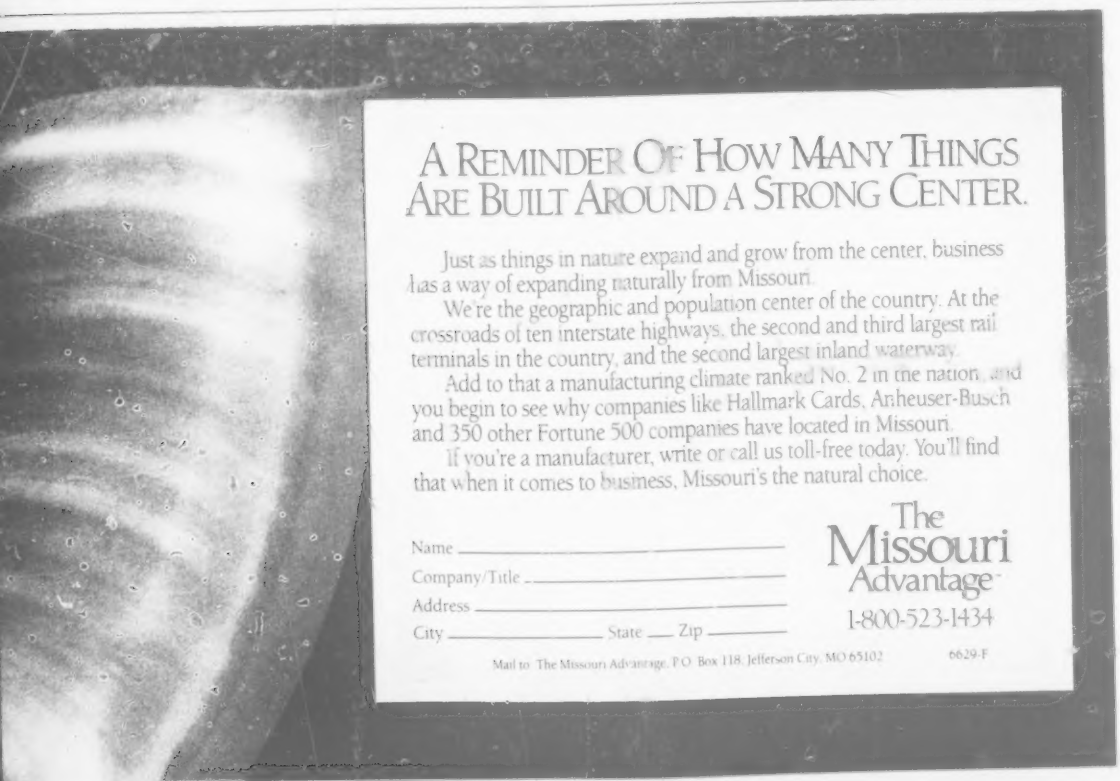
In the nine months Johnson has been in command, he's been doing just that, specifically by refocusing the company away from distracting diversification efforts and toward its traditional businesses, one of which is providing local telephone service.

Gone is the consumer communications unit, which made answering machines and telephones. Gone also is GTE's digital central office switching system operation, eventually to belong to AT&T. Gone, finally and most important, is GTE's involvement in US Sprint, which as a result will be 100% owned by GTE's partner in the venture, United Telecom. Johnson is also reorganizing the telephone operation and ultimately will leave GTE with 14,000 fewer workers.

GTE, free of Sprint's losses, already shows signs of improved earnings. Earnings for 1988 are expected to be around $3.60 a share, up 9% from 1987. That has given Johnson the leeway to increase dividends by 6.3%. Johnson has also announced an aggressive plan to repurchase up to 25 million shares of common stock.

Has Wall Street recognized a turnaround? Apparently not. Looking at estimated earnings for 1990, the stock has a price/earnings ratio of nearly 9—decidedly below the standard in this industry.

James (Rocky) Johnson of GTE Alan Goldsmith



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WHO'S WHERE IN GROWTH

Latest 12-month earnings are up a remarkable 18.4% for the 1,116 corporations in this survey.

By Steve Kichen

AMERICAN COMPANIES had a very profitable year in 1988. Consensus estimates collected by the New York brokerage firm of Lynch, Jones & Ryan indicate that 1988 earnings for the S&P 500 will be up about 35% over 1987. The gain is enhanced by the massive writeoffs of bad loans several major banks had taken the year before. Even so, Lynch, Jones & Ryan Vice President Stanley Levine reports that the S&P 400 (the 500 minus banks and other regulated industries) will report a 29% earnings increase on average in 1988.

The analysts' outlook for 1989: a less spectacular but still respectable 10% gain in profits for both the S&P 500 and the S&P 400. Clearly, Wall Street analysts, in the main, do not expect a recession.

Of the ten corporations with the fastest long-term earnings growth, three are computer companies—Compaq Computer, Sun Microsystems and Wyse Technology. Three years ago none qualified for the FORBES industry survey, but look at them now. Compaq had latest 12-month sales of $1.8 billion, Sun, $1.2 billion; and Wyse, $551 million.

Compaq, with a four-year average earnings growth rate of 118%, has increased per-share earnings 84% over the past 12 months. It has exploited the gaps in IBM's microcomputer line, boosting revenues 87% over the past 12 months.

The top-ranked computer companies have shown exceptional growth rates even though they're no longer startups with the power of exponential growth. It's easier for a firm with $1 million in sales to double revenues than for a $1 billion corporation to pull off the same trick.

Nothing goes up forever. Of the top 25 firms ranked on five-year average earnings growth, 11 show declining earnings over the most recent 12 months. Reebok International, Anchor Glass and Chrysler are likely to rank lower on next year's survey. ■

Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months
Reebok International	1	200.0+%	-1.7%	2	254.2%	39.3%
Anchor Glass	2	164.6[c]	-76.3	204	19.7	52.0
CalMat	3	122.7	-22.0	162	23.0	-11.9
Sun Microsystems	4	120.6[d]	57.3	4	170.3[d]	95.9
Compaq Computer	5	118.4[d]	84.4	22	72.3[d]	87.0
Envirodyne Industries	6	118.1	30.5	11	135.9	7.4
Danaher	7	112.4[c]	102.5	8	146.1	23.4
Wyse Technology	8	93.5	5.3	7	150.4	64.9
GenCorp	9	92.3	57.8	937	-0.2	-13.4
SPS Technologies	10	82.3	-46.4	376	13.0	5.9
Reliance Group	11	80.7	-63.9	309	15.2	3.8
TW Services	12	80.5[d]	160.8	225	19.0	64.0
First Capital Holding	13	79.8[d]	9.7	1	500.0+[d]	128.6
Sequa	14	77.6	-77.1	880	1.7	80.0
CalFed	15	74.0	-13.0	285	16.0	14.9
Willamette Inds	16	72.9	47.3	638	7.6	20.4
Harman International	17	72.9	28.7	234	18.6	34.0
Microsoft	18	72.6	78.5	30	65.9	74.1
Chrysler	19	70.4	-25.3	185	20.4	25.6
Boise Cascade	20	66.9	86.8	780	4.6	6.3
GlenFed	21	66.4[c]	23.7	166	22.4	11.1
Pilgrim's Pride	22	65.1[d]	P-D	392	12.6	20.1
Best Buy Co	23	64.1%	-72.9%	15	112.3%	50.4%
American Express	24	63.0[d]	-46.0	115	29.2	22.1
Mark IV Industries	25	61.2	27.0	18	86.3	33.2
Harley-Davidson	26	60.5[d]	49.1	200	19.9	23.1
Longview Fibre	27	60.4	49.6	580	8.6	12.2
Shaw Industries	28	59.2	35.3	155	23.6	46.3
Dixie Yarns	29	57.8	-18.7	319	14.9	23.0
Foodarama Supermkts	30	56.5	130.8	867	2.3	2.3
Affiliated Pubs	31	56.4	P-D	389	12.7	14.6
Marion Laboratories	32	56.3	50.0	106	31.0	22.4
Consolidated Stores	33	54.5	-2.9	10	138.7	20.5
Jepson	34	53.7[c]	-35.0	9	140.1[d]	9.5
MMR Holding	35	53.5	50.5	52	45.2	55.8
Spiegel	36	53.4	-19.8	252	17.3	15.4
Oshkosh Truck	37	53.3	-39.7	80	35.1	-12.6
NWA	38	52.5	-14.3	183	20.7	7.3
Liz Claiborne	39	51.9	-5.1	51	46.7	12.5
Amdahl	40	51.8	57.4	181	20.9	28.0
Healthco International	41	51.8	66.4	393	12.5	13.4
Cray Research	42	51.5	-24.3	59	41.7	-11.0
Price Co	43	51.5	28.7	40	55.7	25.2
Boston Edison	44	51.3	-38.3	884	1.6	5.6

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. c: Three-year growth. d: Four-year growth.

Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months	Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months
Gt Am First Savings	45	51.1%[d]	-61.0%	141	25.4%	8.3%	Himont	112	28.5%[c]	42.8%	603	8.3%[c]	48.0%
Georgia-Pacific	46	50.9	14.6	623	7.9	12.5	Hudson Foods	113	28.2[c]	-70.9	524	9.9	28.0
Ralston Purina	47	50.7	-22.6	789	4.5	0.1	Loews	114	28.2	90.6	273	16.6	16.3
Tyson Foods	48	50.5	19.8	116	29.2	8.4	Charming Shoppes	115	28.1	-27.8	111	29.8	16.4
Circuit City Stores	49	49.4	37.0	62	40.7	32.7	Safeco	116	28.1	-11.1	401	12.3	8.1
Albany International	50	49.4[c]	37.5	411	12.2	16.1	Manor Care	117	28.0	P-D	353	13.7	8.2
Precision Castparts	51	49.1	-6.9	65	40.3	11.2	Textron	118	28.0	-15.7	146	24.4	-2.7
General Motors EDS	52	48.8	32.4	36	61.8	7.3	Washington Post	119	28.0	86.9	488	10.7	6.1
Harcourt Brace	53	47.7	D-P	347	14.0	26.5	Quaker Oats	120	27.7	3.0	491	10.6	16.2
FHP International	54	47.3[d]	217.3	68	39.2	41.4	Arvin Industries	121	27.5	-76.5	186	20.3	-2.5
Computer Associates	55	45.8	90.2	57	42.4	39.6	Fred Meyer	122	27.3	17.4	472	11.0	10.1
Masco Industries	56	45.8[c]	-26.1	142	25.7	26.1	Handleman	123	27.1	28.0	261	17.0	18.4
Limited	57	45.8	-23.5	66	39.7	6.5	Home Federal S&L	124	27.1[d]	6.2	315	15.0	23.5
Hadson	58	45.6[c]	-29.0	14	118.7	58.6	Hanover Insurance	125	27.0	3.4	206	19.7	14.8
Progressive	59	45.0[d]	-7.5	84	34.8	54.3	Gt Western Financial	126	27.0[d]	-32.5	158	23.4	-28.4
Trinova	60	44.7	25.6	585	8.5	16.6	General Public Utils	127	26.4	20.1	854	2.7	3.2
Smithfield Foods	61	43.9	105.8	171	22.2	18.8	Time Inc	128	26.4	38.2	434	11.9	8.7
Tribune	62	43.4	64.5	582	8.6	8.2	Nashua	129	26.3[d]	33.5	637	7.6	20.0
Armstrong World Inds	63	43.4	16.3	422	12.0	14.3	CBS	130	26.2	206.7	1022	-5.1	-15.4
Mayfair Super Markets	64	43.4	22.4	574	8.7	17.6	Rollins	131	26.1	15.4	661	7.1	7.7
USG	65	42.7	-57.9	254	17.3	-15.1	ICH	132	26.1[d]	P-D	20	73.3	17.0
Interlake	66	42.7	28.4	935	-0.1	10.9	Stanhome	133	26.1	28.0	423	12.0	12.8
Walt Disney	67	42.5	17.6	165	23.0	19.5	Chubb	134	26.0	-5.8	190	20.3	7.8
Ecolab	68	42.5[d]	-73.4	359	13.5	30.8	Torchmark	135	25.9	0.7	304	15.4	2.6
FMC	69	42.2	-40.2	990	-2.9	6.5	Holly Farms	136	25.3	2.1	820	3.6	16.8
Potlatch	70	42.2	26.9	837	3.3	7.0	Yellow Freight Sys	137	25.2	53.6	341	14.1	12.5
Hartford Steam Boiler	71	41.3	21.2	328	14.6	7.0	PepsiCo	138	25.0	28.0	621	7.9	10.3
Jefferson Smurfit	72	40.8	94.5	198	20.0	17.5	Marsh Supermarkets	139	24.9	-0.3	584	8.1	8.8
Seagate Technology	73	40.2	-93.1	19	75.2	35.0	Waste Management	140	24.7	-8.5	152	23.7	30.7
JWP	74	39.7	26.1	25	71.3	38.0	Fleetwood Enterprises	141	24.5	22.3	322	14.7	12.5
Ryland Group	75	39.6	0.8	119	28.7	1.0	Kentucky Central Life	142	24.3	-27.5	95	32.8	3.6
Northrop	76	39.4	225.9	192	20.1	-1.9	Comdisco	143	24.3	-81.9	216	19.3	13.5
Home Depot	77	39.3	61.1	34	63.3	49.0	Alexander & Baldwin	144	24.2	18.5	549	9.3	11.7
Louisiana-Pacific	78	39.2[d]	21.9	313	15.1	0.2	Mead	145	24.2[d]	128.3	543	9.6	10.0
Standard Products	79	38.7	22.8	280	16.3	11.7	Super Food Services	146	24.2	20.2	715	6.1	2.5
Kaufman & Broad	80	38.2[d]	-15.9	117	29.1	43.3	Quantum Chemical	147	24.2	83.1	793	4.4	32.0
Arden Group	81	37.8	94.3	1034	-5.8	-4.2	Philips Industries	148	24.2	11.3	256	17.2	22.9
Western S&L	82	37.0[d]	-94.6	232	18.6	14.4	Apple Computer	149	23.9	86.7	97	32.3	53.0
Berkshire Hathaway	83	36.7	68.4	58	41.9	-1.7	Golden West Finl	150	23.8[d]	-23.5	457	11.3	3.8
American Family	84	36.6	-5.3	136	25.8	27.0	VWR Corp	151	23.8[c]	-34.2	560	9.1	14.5
Olsten	85	36.4	38.5	122	28.2	31.4	SCI Systems	152	23.5	18.8	61	41.4	47.2
Polaroid	86	35.9	-77.5	671	7.0	4.1	Monarch Capital	153	23.5	-52.3	47	51.0	-59.7
Village Super Market	87	35.9	6.4	431	11.9	9.5	Dillard Dept Stores	154	23.4	21.4	130	26.5	21.4
Wal-Mart Stores	88	35.3	35.7	73	36.4	28.8	La-Z-Boy Chair	155	23.4	9.2	222	19.1	17.6
No'western Natl Life	89	35.0	-28.7	78	35.4	7.2	Morgan Products Ltd	156	23.4[c]	-26.8	114	29.2	1.6
Hercules	90	34.5	-76.6	898	1.2	2.9	Ford Motor	157	23.3[d]	20.1	372	13.2	15.1
Geico	91	34.5	-26.1	306	15.3	9.7	Kellwood	158	23.3	16.0	972	-1.9	20.2
Culbro	92	34.2	-70.2	324	14.7	10.3	Marsh & McLennan	159	23.3	1.7	208	19.7	7.9
Aetna Life & Cas	93	34.1	-20.1	501	10.4	7.0	Ethyl	160	23.3	24.8	938	-0.2	19.9
Great A&P Tea	94	33.9	28.3	308	15.3	6.6	Crown Cork & Seal	161	23.3	16.9	724	5.7	7.8
Gap	95	33.8	-20.7	213	19.5	24.8	Esselte Business Sys	162	23.0	14.3	228	18.9	19.9
Kelly Services	96	32.3	30.5	160	23.2	12.7	PH Glatfelter	163	22.9	47.6	581	8.6	49.9
Intergraph	97	32.1	36.0	93	33.0	29.4	Weyerhaeuser	164	22.8	29.1	573	8.8	15.6
Toro	98	31.2[c]	21.1	191	20.2	16.9	US Healthcare	165	22.7	-78.3	29	67.2	21.6
Hasbro	99	31.0	-2.0	32	64.2	1.2	Dow Chemical	166	22.6	103.6	828	3.5	27.1
Continental Info Sys	100	30.9	-99.1	53	44.5	115.1	Squibb	167	22.5	-18.0	800	4.1	21.4
Student Loan	101	30.8	30.9	311	15.1	35.8	Genlyte Group	168	22.5[d]	NA	504	10.4[d]	10.4
HF Ahmanson	102	30.8[d]	-27.0	654	7.2	20.9	First Amer Financial	169	22.5[d]	-63.8	144	25.0[d]	-6.2
Western Publishing	103	30.8[c]	75.0	424	12.0	39.3	Chesapeake	170	22.4	131.5	145	24.9	6.1
Food Lion	104	30.7	37.5	135	26.0	25.2	Capital Holding	171	22.3	-40.4	357	13.5	3.0
CNA Financial	105	30.6	53.5	210	19.6	10.8	Toys "R" Us	172	22.2	41.0	150	23.9	38.5
Schultz Sav-O Stores	106	30.4	4.9	848	2.9	-0.3	Primerica	173	22.1[d]	1.1	1013	-4.4	22.0
20th Century Inds	107	30.3	15.1	86	34.2	22.9	Nordstrom	174	22.0	26.7	133	26.3	17.7
CDI Corp	108	30.0	100.9	290	16.0	32.0	Tandem Computers	175	21.8	-11.1	138	25.6	27.0
Bemis	109	28.9	26.4	693	6.5	13.4	HON Industries	176	21.8	-2.4	342	14.1	6.6
Carnival Cruise Lines	110	28.8	8.6	170	22.2	10.1	Helene Curtis Inds	177	21.7	39.9	409	12.2	24.9
Scott Paper	111	28.6	76.5	417	12.1	13.4	Becton Dickinson	178	21.6	17.3	685	6.6	8.1

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. c: Three-year growth. d: Four-year growth.

WHO'S WHERE IN GROWTH

Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months
Union Bank	179	21.5%	26.4%	805	4.0%	7.9%
Maytag	180	21.4	-3.8	551	9.3	-1.1
Temple-Inland	181	21.0d	50.5	695	6.4	10.6
PPG Industries	182	20.9	41.4	567	8.9	9.0
Equitable of Iowa	183	20.8	1.9	858	2.6	17.9
New York Times	184	20.7	4.8	390	12.7	4.8
Leggett & Platt	185	20.7	3.9	236	18.4	20.3
Philip Morris Cos	186	20.6	31.2	172	22.1	8.0
Circus Circus	187	20.5	63.6	233	18.6	23.2
Nacco Industries	188	20.5	16.8	842	3.2	14.5
American Intl Group	189	20.3	9.8	126	27.3	21.6
Rubbermaid	190	20.1	18.0	174	21.9	21.6
Herbinger	191	20.1	7.2	147	24.2	33.7
Consolidated Papers	192	20.0	77.2	705	6.2	23.7
Reynolds & Reynolds	193	20.0	-12.0	215	19.4	6.6
Carter-Wallace	194	20.0	16.3	479	10.9	7.2
FW Woolworth	195	19.9d	18.4	688	6.5	11.5
Northern Telecom	196	19.8	0.4	298	15.7	5.2
Digital Equipraent	197	19.8	4.2	203	19.8	20.3
First Union	198	19.6	1.1	221	19.1	3.2
Pitney Bowes	199	19.6	26.5	583	8.6	6.9
Circle K	200	19.6d	12.1	109	30.6	14.9
Deluxe Corp	201	19.6	0.6	444	11.6	19.6
Bandag	202	19.5	19.2	629	7.7	17.1
HB Fuller	203	19.5	-0.8	478	10.9	12.6
Family Dollar Stores	204	19.4	14.0	173	22.1	19.5
Paccar	205	19.2	61.2	429	11.9	30.5
Marriott	206	19.2	16.9	184	20.6	13.8
ConAgra	207	19.2	14.5	67	39.4	7.6
Kinder-Care	208	19.2	-11.4	85	34.4	64.1
Owens & Minor	209	19.0	4.9	169	22.2	27.1
Phillips-Van Heusen	210	19.0	-12.3	893	1.3	30.2
Argonaut Group	211	18.9c	142.5	958	-0.9	9.2
Kraft	212	18.8	163.7	745	5.4	11.8
Corning Glass Works	213	18.7	90.5	744	5.4	6.9
Household Intl	214	18.6	1.6	1100	-20.8	35.4
Sherwin-Williams	215	18.6	-8.0	981	-2.3	10.1
Loral	216	18.4	25.6	94	32.9	43.9
Kaman	217	18.2	15.9	521	9.9	12.2
Times Mirror	218	18.2	-6.5	686	6.6	6.1
Abbott Laboratories	219	18.2	20.5	499	10.5	15.3
Ferro	220	18.2	48.4	669	7.0	18.7
Merck	221	18.2	38.8	539	9.7	20.4
Vulcan Materials	222	18.2	36.3	763	5.0	0.2
Dominion Bankshares	223	18.1	1.4	329	14.5	23.2
Ingles Markets	224	18.1	12.7	418	12.1	16.0
A Schulman	225	18.1	39.8	398	12.4	28.9
Nucor	226	18.1	45.1	433	11.9	28.8
International Paper	227	18.0	63.7	427	11.9	16.7
CR Bard	228	17.8	27.6	437	11.7	18.5
Cincinnati Financial	229	17.7	33.3	229	18.8	5.1
Noxell	230	17.6	16.7	373	13.1	6.1
Upjohn	231	17.6	16.4	725	5.7	9.0
Service Corp Intl	232	17.6	8.9	294	15.9	23.6
Masco	233	17.5	7.7	272	16.6	24.8
Zayre	234	17.4	P-D	148	24.2	-23.7
Worthington Inds	235	17.4	41.7	316	15.0	12.5
Teledyne	236	17.4	83.1	871	2.2	3.7
Homestead Financial	237	17.4	P-D	54	44.3	-10.3
Bruno's	238	17.4	21.8	268	16.8	45.6
Kellogg	239	17.3	21.0	498	10.5	16.1
Federal Paper Board	240	17.3	61.1	283	16.1	4.9
Pep Boys	241	17.3	5.1	291	15.9	15.6
Browning-Ferris Inds	242	17.3	28.8	245	17.7	27.3
Coca-Cola Enterprises	243	17.2	55.3	60	41.6	12.7
Dow Jones	244	17.1	18.4	447	11.5	32.5
Columbia S&L Assoc	245	17.1	-95.0	35	61.9	-2.1
Valspar	246	17.1%	6.6%	134	26.2%	17.5%
Bausch & Lomb	247	16.9	16.3	536	9.7	13.5
Great Lakes Chemical	248	16.9	93.2	230	18.8	30.1
Holiday	249	16.9	-20.3	856	2.6	-3.9
General Re	250	16.9	3.0	211	19.6	-16.3
Dana	251	16.9	26.5	496	10.5	21.4
Equifax	252	16.8	23.4	547	9.5	10.1
Burlington Coat	253	16.7	4.7	127	27.3	21.1
Snap-on Tools	254	16.7	35.6	405	12.3	13.8
UST Inc	255	16.7	28.3	445	11.6	10.2
Rockwell Intl	256	16.6	33.9	436	11.9	-1.5
Sonoco Products	257	16.6	30.4	247	17.6	32.7
First of America Bank	258	16.4	6.0	487	10.7	21.5
Illinois Tool Works	259	16.4	21.3	424	28.1	15.0
South Carolina Natl	260	16.4	6.4	270	16.7	11.9
Hannaford Bros	261	16.4	16.7	375	13.1	16.1
Aon	262	16.4	-1.3	260	17.0	22.8
Alberto-Culver	263	16.3	55.5	511	10.2	17.5
Herman Miller	264	16.3	26.8	325	14.6	23.4
Wm Wrigley Jr	265	16.3	34.4	713	6.1	14.6
Standard Register	266	16.2	2.8	318	14.9	1.1
RR Donnelley & Sons	267	16.1	-6.1	400	12.3	15.9
Westinghouse	268	16.1	10.7	863	2.5	9.4
Kimball International	269	16.1	0.3	337	14.3	6.0
Old Kent Financial	270	15.9	16.2	331	13.8	19.1
Russell	271	15.9	14.7	448	11.5	10.0
Interpublic Group	272	15.8	23.3	446	11.6	20.2
Cooper Cos	273	15.8	P-D	81	34.9	75.4
Automatic Data	274	15.6	22.8	288	16.0	11.2
TBC Corp	275	15.6	48.8	722	5.8	11.1
Anheuser-Busch Cos	276	15.6	20.2	460	11.3	7.8
Strawbridge	277	15.4	10.9	467	11.2	11.9
Cardinal Distribution	278	15.4	126.1	87	34.1	3.6
Stanley Works	279	15.4	19.8	402	12.3	11.4
Farmers Group	280	15.4	24.6	403	12.3	6.2
Rohm & Haas	281	15.3	23.4	824	3.6	15.5
Alco Health Services	282	15.3c	11.5	120	28.4	18.8
MNC Financial	283	15.3	18.3	381	12.9	26.3
Kemper	284	15.3	-22.1	352	13.7	6.8
Westvaco	285	15.2	37.8	729	5.6	12.1
Capital Cities/ABC	286	15.2	47.3	45	52.0	15.3
Coca-Cola	287	15.1	-0.4	747	5.3	6.2
Rite Aid	288	15.1	-24.3	362	13.5	31.2
Skyline	289	15.0	8.9	857	2.6	6.2
United Jersey Banks	290	15.0	8.0	529	9.8	30.8
Newell Co	291	14.8	54.3	123	28.1	76.0
Shoney's	292	14.8	15.0	281	16.3	5.2
Computer Sciences	293	14.8	26.6	451	11.4	8.3
Barnett Banks	294	14.7	21.3	153	23.7	17.9
Loctite	295	14.7	35.6	596	8.4	18.9
Winnebago Industries	296	14.6	-85.9	189	20.3	4.6
Figgie Intl	297	14.6	30.2	577	8.7	16.6
Harsco	298	14.6	20.1	726	5.6	17.8
SouthTrust	299	14.5	9.7	383	12.9	23.4
General Host	300	14.3	P-D	1009	-4.0	-25.9
Lincoln National	301	14.3	-58.9	299	15.7	1.3
Fuqua Industries	302	14.3	147.9	844	3.1	20.6
General Motors	303	14.2	35.5	463	11.3	6.8
Commerce Clearing	304	14.1	4.5	540	9.7	9.0
McDonald's	305	14.1	18.5	425	12.0	15.6
First Federal Mich	306	14.0d	-74.6	201	19.8	-8.0
Rorer Group	307	14.0	132.1	264	16.9	8.9
Jefferson-Pilot	308	13.9	-44.3	808	4.0	5.4
Highland Superstores	309	13.8	-54.2	83	34.9	19.0
United Stationers	310	13.8	51.5	139	25.4	17.3
Clorox	311	13.8	16.6	731	5.6	13.3
SunTrust Banks	312	13.8	17.8	379	13.0	11.9

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. c: Three-year growth. d: Four-year growth.

Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months
Potomac Electric	313	13.7%	-2.8%	784	4.5%	-0.7%
Houston Industries	314	13.6	-8.2	971	-1.9	0.2
WW Grainger	315	13.6	26.8	517	10.0	16.4
Banc One	316	13.6	42.6	365	13.4	33.0
Albertson's	317	13.6	38.0	612	8.2	13.5
Molex	318	13.5	37.0	238	18.2	30.2
Pfizer	319	13.5	11.4	672	6.9	10.1
Noland	320	13.4	-5.9	395	12.5	7.6
Ohio Casualty	321	13.4	-33.8	388	12.8	0.9
BayBanks	322	13.4	16.8	407	12.3	19.3
Pall	323	13.3	18.3	321	14.8	11.4
NCR	324	13.2	28.0	542	9.6	11.3
Hillenbrand Inds	325	13.2	31.0	371	13.2	20.0
Bristol-Myers	326	13.1	16.7	615	8.1	11.6
Society	327	13.0	10.2	255	17.2	8.5
Sovran Financial	328	12.9	10.0	334	14.4	18.0
Ryder System	329	12.9	-30.3	259	17.1	11.8
HJ Heinz	330	12.8	17.1	776	4.8	11.9
K mart	331	12.8	9.5	568	8.8	6.1
Dun & Bradstreet	332	12.8	2.6	187	20.3	23.3
American Water	333	12.8	-0.5	619	8.0	5.0
H&R Block	334	12.7	17.8	195	20.0	13.2
American Cyanamid	335	12.7	15.6	843	3.1	10.4
Walgreen	336	12.7	25.0	293	15.9	14.1
May Dept Stores	337	12.7	18.1	578	8.6	-0.3
Hubbell	338	12.7	15.5	632	7.7	5.2
Cincinnati Bell	339	12.7	41.6	602	8.3	21.7
Melville	340	12.6	20.7	428	11.9	15.2
James River Corp Va	341	12.6	22.0	88	33.9	15.6
Archer-Daniels	342	12.6	28.9	590	8.4	19.9
Mercantile Stores	343	12.6	9.1	594	8.4	5.1
Citizens & Southern	344	12.6	32.4	346	14.0	12.6
First Wachovia	345	12.5	15.6	604	8.3	11.7
CPC International	346	12.5	-14.5	821	3.6	-9.1
Lockheed	347	12.5	78.2	302	15.5	-1.4
Borden	348	12.5	17.4	600	8.4	16.4
Goodyear	349	12.5	-7.8	901	1.1	10.0
Ball Corp	350	12.5	-12.0	804	4.1	-3.3
Big Bear	351	12.3	21.0	699	6.3	6.8
Seagram	352	12.3	28.7	550	9.3	24.2
Atlanta Gas Light	353	12.3	10.3	953	-0.7	-0.8
Thomas & Betts	354	12.3	24.0	518	10.0	22.1
El du Pont de Nemours	355	12.2	27.3	932	0.0	11.0
NBD Bancorp	356	12.2	34.5	606	8.3	11.1
Ogilvy Group	357	12.2	14.1	246	17.7	19.5
Hughes Supply	358	12.1	30.3	265	16.9	29.7
Gannett	359	12.1	16.9	295	15.8	7.2
Cooper Industries	360	12.1	21.9	378	13.0	19.1
Giant Food	361	12.1	70.7	613	8.1	7.3
Raytheon	362	12.0	23.4	675	6.9	7.3
Tambrands	363	11.9	13.7	384	12.9	7.8
Dean Foods	364	11.9	9.2	340	14.2	9.6
Florida Progress	365	11.9	-9.5	480	10.8	7.2
United Brands	366	11.9[d]	30.2	963	-1.2	5.4
Parker-Hannifin	367	11.9	15.6	396	12.4	20.0
State Street Boston	368	11.9	9.5	476	10.9	20.2
Sara Lee	369	11.8	22.0	605	8.3	14.5
Hawaiian Electric	370	11.7	-8.6	978	-2.2	16.8
Eaton	371	11.6[d]	8.1	673	6.9	1.2
Kimberly-Clark	372	11.6	31.4	503	10.4	10.8
Witco	373	11.5	-4.5	904	1.0	13.4
Weis Markets	374	11.4	11.1	674	6.9	2.8
Lomas Financial	375	11.4	P-D	99	32.0	59.9
Geo A Hormel	376	11.4	4.7	510	10.3	7.9
RJR Nabisco	377	11.3	17.4	385	12.9	5.2
CoreStates Financial	378	11.2	14.9	361	13.5	9.7
VF	379	11.0	8.2	182	20.8	5.2
Wetterau	380	10.9%	13.8%	386	12.8%	17.8%
Detroit Edison	381	10.9	-42.2	684	6.6	4.9
Flowers Industries	382	10.7	53.0	473	11.0	-6.4
Ramada	383	10.7[d]	-84.6	716	6.1	-27.8
Sysco	384	10.6	48.2	275	16.5	28.2
American Continental	385	10.6	123.7	149	24.1	-4.8
Knight-Ridder	386	10.6	10.2	562	9.1	0.2
Jostens	387	10.5	91.2	495	10.5	-3.4
Universal	388	10.5	2.9	610	8.2	15.7
Old Republic Intl	389	10.5	-0.7	110	30.3	-6.9
Millipore	390	10.5	20.8	336	14.3	21.3
Boeing	391	10.4	11.4	399	12.4	6.0
Child World	392	10.4[c]	-7.1	180	21.1	15.2
Valhi	393	10.3[d]	-56.3	101	31.8	125.7
Campbell Soup	394	10.2	-1.8	561	9.1	8.4
Baltimore G&E	395	10.2	2.3	852	2.8	-2.5
Laclede Gas	396	10.2	9.0	1031	-5.6	8.2
Puget Sound P&L	397	10.1	4.9	533	9.8	7.4
Owens-Corning	398	10.1	-12.5	728	5.6	-7.6
KeyCorp	399	10.1	-15.5	105	31.0	23.0
GM Hughes Electron	400	10.1[c]	20.0	214	19.5	3.8
Hershey Foods	401	10.1	44.4	566	8.9	-9.3
Marshall & Ilsley	402	10.0	15.5	368	13.3	14.8
Provident Life & Acc	403	10.0	-49.4	218	19.3	12.3
Centex	404	10.0	9.4	588	8.5	23.0
Eli Lilly	405	10.0	14.0	766	5.0	6.0
Raychem	406	9.9	40.9	441	11.6	14.0
Transamerica	407	9.8	-17.3	516	10.0	14.2
NCH Corp	408	9.7	49.2	786	4.5	15.5
Columbia Pictures	409	9.7	P-D	188	20.3	16.0
Lincoln Electric	410	9.7	71.1	807	4.0	22.7
AmSouth Bancorp	411	9.6	-17.1	469	11.2	27.7
Bancorp Hawaii	412	9.5	39.4	643	7.4	17.6
American Home Prod	413	9.5	11.1	886	1.6	8.1
American General	414	9.5	-27.4	271	16.6	-13.2
Gt Northern Nekoosa	415	9.4	70.9	449	11.5	46.1
Lowe's Cos	416	9.4	3.4	237	18.4	2.7
Comerica	417	9.3	69.4	767	5.0	9.2
American Natl Ins	418	9.3	-57.7	798	4.2	9.3
Atlantic Energy	419	9.2	9.4	676	6.8	3.4
General Mills	420	9.2	118.1	737	5.5	0.3
Southwest Gas	421	9.2	16.0	778	4.7	18.9
AMP	422	9.2	34.9	464	11.3	19.0
Intl Flavors & Frags	423	9.2	22.8	497	10.5	17.6
Crane	424	9.1[c]	7.7	286	16.0[d]	-9.8
Lubrizol	425	9.1	-13.0	741	5.4	10.0
First Maryland Bncp	426	9.0	17.4	569	8.8	10.3
First American	427	9.0	-30.1	312	15.1	20.1
Premier Industrial	428	9.0	29.7	620	8.0	15.6
Foremost Corp of Am	429	9.0	-21.1	358	13.5	-8.6
Schering-Plough	430	9.0	29.7	586	8.5	9.8
Shawmut National	431	8.9	26.1	370	13.2	18.9
Square D	432	8.9	3.0	677	6.8	10.8
Edgcomb	433	8.8	97.0	37	60.1	11.4
Midlantic	434	8.8	29.1	307	15.3	17.2
MDC Holdings	435	8.8	P-D	39	58.7	-13.4
Meridian Bancorp	436	8.8	-26.3	207	19.7	38.2
SmithKline Beckman	437	8.7	-60.7	593	8.4	11.9
Ipalco Enterprises	438	8.7	-30.5	687	6.6	9.0
National Service	439	8.7	13.6	557	9.2	6.6
Consol Freightways	440	8.7	24.2	335	14.3	16.3
General Cinema	441	8.5	-10.5	846	3.1	96.5
Nash Finch	442	8.5	27.0	450	11.4	5.4
Freeport-McMoRan	443	8.4	37.8	548	9.4[d]	26.6
Ames Dept Stores	444	8.4	71.9	64	40.4	11.9
Dominion Resources	445	8.4	-3.9	704	6.3	-0.9
US Bancorp	446	8.3	-1.1	515	10.1	27.9

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. c: Three-year growth. d: Four-year growth.

WHO'S WHERE IN GROWTH

Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months
Pillsbury	447	8.2%	-62.9%	355	13.6%	0.3%
Echlin	448	8.1	27.3	257	17.2	17.7
Durr-Fillauer	449	8.1	16.0	175	21.7	9.8
Genuine Parts	450	8.1	27.2	730	3.6	12.9
Dexter	451	8.1	-6.8	649	7.3	10.7
Ohio Mattress	452	8.0	42.3	48	50.4	26.6
Hewlett-Packard	453	8.0	34.4	350	13.8	21.5
Collins Foods Intl	454	8.0	8.6	354	13.7	4.9
Minnesota Power & Lt	455	8.0	-14.0	853	2.7	3.8
Super Valu Stores	456	8.0	22.4	363	13.4	5.6
UtiliCorp United	457	8.0	11.3	118	28.8	16.4
Barnes Group	458	7.9[c]	25.3	926	0.1	9.8
Hilton Hotels	459	7.8	47.0	732	5.6	11.5
Medtronic	460	7.8	27.6	723	5.7	34.5
Standard Shares	461	7.8	-34.5	564	9.0	16.7
Bell Atlantic	462	7.8[c]	6.3	589	8.5[c]	0.0
Sears, Roebuck	463	7.8	-10.9	558	9.2	10.9
Nynex	464	7.8[c]	5.5	587	8.5[c]	4.9
Ameritech	465	7.6[c]	13.0	790	4.5[c]	4.1
McGraw-Hill	466	7.6	20.1	636	7.6	6.5
Tyco Laboratories	467	7.6	157.5	377	13.0	53.7
PNC Financial	468	7.4	0.2	297	15.7	64.7
TECO Energy	469	7.4	0.0	500	10.5	7.0
Minn Mining & Mfg	470	7.3	24.3	659	7.1	13.2
Prime Computer	471	7.3	-13.7	248	17.6	54.7
Exxon	472	7.3	20.1	1028	-5.4	10.3
Florida Natl Banks	473	7.2	54.3	314	15.0	13.8
JC Penney	474	7.2	17.3	709	6.2	-2.9
Moore Corp	475	7.0	40.0	787	4.5	13.0
Tecumseh Products	476	7.0	8.8	781	4.6	20.0
Longs Drug Stores	477	7.0	34.7	535	9.7	9.4
Alltel	478	7.0	89.6	706	6.2	12.0
Scana	479	7.0	-13.8	774	4.9	-5.4
Emerson Electric	480	7.0	15.5	415	12.1	7.8
Uslico	481	7.0	-0.6	77	35.8	-4.8
Wisconsin Energy	482	7.0	21.2	918	0.6	8.6
E-Systems	483	6.9	24.7	493	10.5	12.7
Central & So West	484	6.9	0.0	931	0.0	3.7
Tucson Electric	485	6.9	3.3	682	6.7	19.0
Brunswick	486	6.9	30.4	194	20.0	20.6
NCNB	487	6.8	-2.9	223	19.1	16.6
BellSouth	488	6.8[c]	2.9	575	8.7[c]	9.0
Peoples Energy	489	6.8	39.2	1006	-3.8	-4.9
So N England Telecom	490	6.7	8.4	702	6.3	7.6
Mapco	491	6.7	76.3	1023	-5.2	17.8
Continental Corp	492	6.7	-70.9	438	11.7	-2.1
Louisville G&E	493	6.7	7.4	875	2.1	0.4
National City	494	6.6[d]	17.4	253	17.3	10.8
Fleet/Norstar Finl	495	6.5	-7.2	227	18.9	13.0
Meredith	496	6.4	1.9	718	5.9	19.9
Ametek	497	6.4	-13.6	627	7.8	-6.6
Piedmont Natural Gas	498	6.4	29.6	721	5.8	-5.1
Std Commercial	499	6.3	-19.3	465	11.3	21.5
EG&G	500	6.2	14.7	571	8.8	8.8
Zenith National Ins	501	6.2	10.4	71	37.9	8.4
AG Edwards	502	6.2	-46.3	331	14.5	-9.9
American Stores	503	6.0	-6.0	303	15.5	9.4
Merrill Lynch	504	5.9	-67.8	263	16.9	-5.7
Johnson & Johnson	505	5.8	25.5	696	6.4	14.2
USAir Group	506	5.7	-36.9	296	15.7	126.8
Duke Power	507	5.7	4.8	483	10.8	0.8
First Tennessee Natl	508	5.7	-13.7	650	7.3	8.0
Wicor	509	5.6	60.0	929	0.1	7.7
FPL Group	510	5.6	9.2	611	8.2	9.8
New England Electric	511	5.5	P-D	849	2.8	2.6
General Development	512	5.4	-29.6	410	12.2	14.2
Whirlpool	513	5.4	-15.4	369	13.3	4.5
Trustcorp	514	5.4%	33.6%	129	26.8%	27.0%
Union Camp	515	5.3	50.8	630	7.7	15.8
McDonnell Douglas	516	5.3	-0.8	360	13.5	5.3
Central Steel & Wire	517	5.2	151.9	665	7.0	22.8
McKesson	518	5.2	8.3	349	13.8	3.4
Rose's Stores	519	5.2	-53.8	333	14.4	5.1
Marshall Industries	520	5.2[d]	134.0	193	20.1	51.4
Guilford Mills	521	5.1	14.0	276	16.5	7.2
Kansas Power & Light	522	5.0	0.0	277	16.5	2.9
Commercial Metals	523	5.0	150.0	995	-3.1	29.4
Huntington Bcshs	524	4.9	15.0	481	10.8	14.1
Standex International	525	4.9	-15.4	876	2.0	4.7
Dover	526	4.9	39.0	523	9.9	23.6
Carolina Power & Lt	527	4.9	-41.4	692	6.5	7.8
Rohr Industries	528	4.9	20.9	845	3.1	36.7
Wisconsin Public Svc	529	4.8	9.1	949	-0.6	3.2
Dayton Hudson	530	4.8	-15.7	394	12.5	16.5
Washington Gas Light	531	4.8	17.2	961	-1.2	-4.2
Midwest Energy	532	4.8	32.0	552	9.3	5.3
Southwestern Bell	533	4.7[c]	-2.1	839	3.2[c]	7.1
Commerce Bcshs	534	4.7	25.5	698	6.4	2.8
Coastal Corp	535	4.6	-23.7	759	5.0	13.2
American Brands	536	4.5	38.4	772	4.9	17.2
Ohio Edison	537	4.4	27.7	779	4.6	13.5
Airborne Freight	538	4.3	-38.0	274	16.6	20.2
US West	539	4.3[c]	20.1	753	5.2[c]	5.4
No States Power	540	4.3	0.6	870	2.3	10.7
Cooper Tire & Rubber	541	4.2	24.4	595	8.4	15.1
Jerrico	542	4.2	-22.7	667	7.0	6.8
Ruddick	543	4.2	26.0	327	14.6	13.6
Crestar Financial	544	4.1	17.6	382	12.9	10.2
American Electric	545	4.1	-1.7	851	2.8	-2.0
Centel	546	4.1	36.9	801	4.1	-9.8
General Electric	547	4.1	19.8	601	8.3	-2.5
Interco	548	4.1	7.5	830	3.5	-1.5
Commonwealth Ed	549	4.0	-28.3	707	6.2	-3.9
PHH Corp	550	3.9	-45.2	177	21.4	18.6
Brown-Forman	551	3.9	18.3	326	14.6	-3.8
Baxter International	552	3.9	25.0	89	33.6	11.2
Avery International	553	3.9	-16.5	338	14.2	10.3
Southmark	554	3.9	P-D	50	47.0[c]	36.1
Nalco Chemical	555	3.9	35.1	765	5.0	20.3
Morton Thiokol	556	3.9	9.5	279	16.4	18.2
Consolidated Rail	557	3.8	11.5	967	-1.5	7.1
Pentair	558	3.8	153.9	159	23.3	1.9
Texas Utilities	559	3.7	-7.3	780	4.6	1.7
Allegheny Power	560	3.6	-5.8	877	1.9	16.7
Travelers	561	3.5	P-D	556	9.2	4.0
National Fuel Gas	562	3.5	10.7	1029	-5.5	4.3
Delmarva Power & Lt	563	3.4	-11.1	861	2.5	11.1
Petrie Stores	564	3.4	-44.5	226	18.9	-5.3
Shaklee	565	3.3	32.0	940	-0.2	24.9
Consolidated Edison	566	3.2	-3.5	946	-0.5	0.0
Super Rite Foods	567	3.2	70.9	151	23.9	10.4
SCEcorp	568	3.2	27.3	748	5.3	13.2
WPL Holdings	569	3.2	8.1	895	1.3	5.3
Johnson Controls	570	3.1	28.6	224	19.0	15.8
Curtice Burns Foods	571	3.1	45.6	735	5.6	7.2
Illinois Power	572	3.0	-47.9	923	0.5	6.9
ITT	573	2.8	44.7	993	-3.0	11.2
Boatmen's Bancshares	574	2.8	-1.0	96	32.7	3.8
Tyler	575	2.7	105.9	836	3.3	-25.9
Commonwealth En	576	2.7	-4.0	909	0.9	3.6
Orange & Rockland	577	2.7	10.9	969	-1.8	2.8
Southwestern Pub Svc	578	2.6	14.7	761	5.0	2.9
Kentucky Utilities	579	2.6	24.1	850	2.8	-0.3
Mobil	580	2.5	14.5	1007	-3.9	6.5

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. c: Three-year growth. d: Four-year growth.

Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months
Pacific Telesis	581	2.4%[c]	6.6%	746	5.3%[c]	6.4%
Alco Standard	582	2.3	28.7	626	7.8	5.5
Bank of New England	583	2.1	18.1	235	18.6	24.5
Zurn Industries	584	2.0	9.8	859	2.6	1.0
Public Service Colo	585	1.9	-4.4	917	0.7	1.7
Constar Intl	586	1.8[d]	21.9	908	0.9	31.0
Carolina Freight	587	1.7	-49.2	251	17.3	6.9
Pioneer Hi-Bred Intl	588	1.6	14.8	440	11.7	4.2
Dennison Mfg	589	1.6	-6.5	809	3.8	-1.2
First Executive	590	1.6	9.7	167	22.3	-15.4
Xerox	591	1.4	22.8	492	10.5	14.3
Coleman	592	1.3	36.2	494	10.5	12.1
Winn-Dixie Stores	593	1.3	7.9	740	5.4	2.5
Consol Natural Gas	594	1.2	16.4	1045	-6.9	1.8
Indiana National	595	1.2	39.1	459	11.3	11.7
Independent Insurance	596	1.2	-15.5	819	3.6	7.8
Jamesway	597	1.2	-53.6	310	15.2	13.8
IBM	598	1.1	16.5	555	9.2	6.8
San Diego G&E	599	1.1	51.9	768	5.0	16.7
Universal Foods	600	1.1	19.1	658	7.1	1.6
PacifiCorp	601	0.9	6.8	563	9.0	2.5
Union Electric	602	0.8	-13.6	541	9.7	4.8
Tandy	603	0.8	20.9	526	9.9	9.7
SPX	604	0.6	-7.7	278	16.4	16.5
Shearson Lehman	605	0.4	NA	70	38.2	50.1
Bank of New York	606	0.4	106.0	642	7.4	14.3
Rochester Telephone	607	0.4	-1.4	458	11.3	8.0
Bergen Brunswig	608	0.3	117.6	131	26.5	3.3
First Boston	609	0.2	-21.1	168	22.2	7.2
Rykoff-Sexton	610	0.2	41.3	102	31.6	8.4
Oklahoma G&E	611	0.2	33.6	831	3.5	0.4
RLC	612	0.1	253.8	579	8.6	-37.7
Chevron	613	0.0	-12.5	1021	-5.0	5.6
Carter Hawley Hale	614	0.0	D-P	860	2.6	-4.6
InterTAN	614	0.0	NA	710	6.2	19.4
Springs Industries	615	-0.2	-16.8	320	14.8	11.5
Morrison	616	-0.3	35.3	546	9.5	15.5
Centerior Energy	617	-0.4	-27.7	802	4.1	-0.7
Pennsylvania P&L	618	-0.5	12.7	344	14.1	6.5
Intl Multifoods	619	-0.5	-40.9	565	9.0	18.7
Northeast Utilities	620	-0.5	-17.8	887	1.5	8.6
Iowa-Illinois G&E	621	-0.5	-8.1	922	0.5	-0.5
National Western Life	622	-0.5	-29.9	82	34.9	-3.7
McCormick & Co	623	-0.6	5.0	570	8.8	10.6
CILcorp	624	-0.8	-31.4	982	-2.4	-2.2
Southern Company	625	-0.8	7.8	635	7.6	3.4
Iowa Resources	626	-1.0	-25.1	1025	-5.2	-2.8
Pinnacle West	627	-1.0	-30.4	773	4.9	8.2
Seaway Food Town	628	-1.0	312.6	960	-1.1	-2.1
Central Ill Pub Svc	629	-1.0	24.3	966	-1.3	1.4
Pub Svc Enterprise	630	-1.1	46.8	365	2.4	-0.1
Duquesne Light	631	-1.2	26.1	814	3.7	12.7
Motorola	632	-1.2	56.5	455	11.4	21.8
Adolph Coors	633	-1.3	-0.8	634	7.6	9.6
Holly Corp	634	-1.3	500.0+	1071	-10.7	36.8
Brooklyn Union Gas	635	-1.4	2.5	894	1.3	-2.7
Tele-Communications	636	-1.4	-90.6	72	37.4	50.7
IE Industries	637	-1.8	6.3	933	0.0	2.1
DeSoto	638	-1.9	-72.6	813	3.7	-1.0
Hartmarx	639	-1.9	13.1	796	4.3	9.0
Fleming Cos	640	-2.1	-16.2	239	18.1	11.3
Cincinnati G&E	641	-2.1	-39.6	897	1.2	-0.9
Bowater	642	-2.1	120.1	616	8.1	22.4
West Point-Pepperell	643	-2.2	29.4	534	9.8	26.3
CrossLand Savings FSB	644	-2.3[c]	-18.0	461	11.3	32.4
Delchamps	645	-2.7	40.8	559	9.2	8.0
Signet Banking	646	-2.7	364.3	419	12.1	23.9
Bindley Western Inds	647	-2.8%	-65.8%	243	17.8%	26.3%
Engelhard	648	-3.1	-24.1	834	3.4	-2.8
Utah Power & Light	649	-3.1	67.7	775	4.8	3.4
MCA	650	-3.1	-15.6	421	12.1	6.8
Media General	651	-3.1	115.5	530	9.8	6.8
Equitable Resources	652	-3.1	-3.3	950	-0.7	-4.0
Occidental Petroleum	653	-3.2	90.3	991	-2.9	9.8
Eastman Kodak	654	-3.8	98.2	799	4.1	25.1
Harris Corp	655	-3.9	-18.6	655	7.1	-3.5
Humana	656	-4.1	23.7	366	13.4	21.3
DPL	657	-4.4	-25.2	913	0.8	6.0
Southeast Banking	658	-4.5	500.0+	683	6.6	11.6
Brown Group	659	-4.9	0.8	879	1.7	13.2
Briggs & Stratton	660	-5.0	21.3	760	5.0	18.6
Bassett Furniture Ind	661	-5.0	-20.4	505	10.4	0.3
PaineWebber Group	662	-5.0	-65.0	262	17.0	-4.7
Gulf States Utils	663	-5.1	-47.6	873	2.1	3.8
American Greetings	664	-5.2	-34.3	508	10.3	7.5
Sun Company	665	-5.3	-96.4	1079	-11.5	7.7
Carlisle Cos	666	-5.4	27.7	711	6.2	7.4
American President	667	-5.7	5.2	157	23.4	15.5
Alaska Air Group	668	-5.8	110.4	163	23.0	20.0
Arkla	669	-5.9	-11.3	1008	-3.9	60.5
Scotty's	670	-6.2	-60.0	482	10.8	6.7
American Tel & Tel	671	-6.3[c]	500.0+	925	0.1[c]	2.8
AMR	672	-6.8[d]	72.5	486	10.7	22.4
Diebold	673	-6.9	0.8	951	-0.7	5.3
Public Service NM	674	-7.0	P-D	343	14.1	11.5
Montana Power	675	-7.1	30.0	656	7.1	10.8
Pacific G&E	676	-7.3	-4.0	864	2.5	2.1
National Medical	677	-7.3	124.4	209	19.6	12.9
Middle South Utils	678	-7.4	-26.3	797	4.2	-0.1
Philadelphia Elec	679	-7.6	5.6	795	4.3	0.0
Long Island Lighting	680	-7.7	91.0	792	4.4	4.4
Centerre Bancorp	681	-7.8	35.8	996	-3.2	4.3
Outboard Marine	682	-8.3	46.1	553	9.3	24.5
First Bank System	683	-8.4	160.7	645	7.4	-2.0
Kroger	684	-8.4	62.6	660	7.1	6.7
Roadway Services	685	-8.6	16.0	485	10.7	12.6
Amoco	686	-8.8	78.8	1052	-7.9	9.0
NIKE	687	-8.9	200.0	743	5.4	58.5
Southwest Airlines	688	-9.1	155.6	220	19.1	6.4
Greyhound	689	-9.2	-84.0	1049	-7.6	31.1
Sundstrand	690	-9.4	P-D	519	10.0	3.6
Tektronix	691	-9.4	P-D	823	3.6	1.6
Fay's Drug	692	-9.7	79.0	367	13.3	10.3
General Signal	693	-9.8	-60.3	936	-0.1	10.5
Norfolk Southern	694	-10.3	357.3	736	5.5	7.4
Gillette	695	-10.4	348.1	639	7.5	12.6
Federal-Mogul	696	-10.7	500.0+	633	7.6	14.6
Savannah Foods	697	-10.8	6.8	374	13.1	10.7
Lancaster Colony	698	-11.0	13.4	747	5.3	6.6
Litton Industries	699	-11.0	22.7	973	-2.0	10.1
American Building	700	-11.3	58.1	406	12.3	9.9
Salomon	701	-11.5	-23.0	197	20.0	-11.5
Pacific Enterprises	702	-11.8	-1.8	791	4.4	9.4
Questar	703	-11.8	-62.1	964	-1.3	2.1
Chicago Pacific	704	-11.9	173.0	27	70.1	19.8
EW Scripps	705	-12.0[d]	NA	456	11.4[d]	NA
Univar	706	-12.1	134.7	266	16.9	23.8
Gerber Products	707	-13.0	93.4	751	5.2	7.1
Colgate-Palmolive	708	-13.4	415.4	874	2.1	-8.2
Central Maine Power	709	-14.0	69.7	666	7.0	12.6
Oxford Industries	710	-14.4	P-D	817	3.7	1.9
El Paso Electric	711	-14.6	-24.5	614	8.1	18.6
Procter & Gamble	712	-14.8	165.1	652	7.2	15.2
US Shoe	713	-15.1	-60.4	470	11.2	4.6

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WHO'S WHERE IN GROWTH

Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months
First Fidelity Bncp	714	-15.1%[d]	-4.0%	416	12.1%	16.0%
Bearings	715	-15.3	143.8	641	7.4	12.6
PSI Holdings	716	-15.3	15.7	717	5.9	-0.7
United Artists	717	-16.2	500.0+	250	17.5	28.9
Alexander's	718	-16.4	P-D	919	0.6	0.4
Contel	719	-16.6	-37.5	484	10.8	5.0
Manufacturers Natl	720	-16.7	-9.7	727	5.6	17.4
Oneok	721	-17.3	11.0	1083	-11.9	-2.7
Wells Fargo	722	-17.8	D-P	646	7.4	7.3
JP Morgan & Co	723	-18.2	500.0+	900	1.2	12.5
Air Prods & Chems	724	-18.4	37.8	697	6.4	13.9
NY State E&G	725	-18.6	D-P	618	8.0	-0.7
Dollar General	726	-18.7	28.0	287	16.0	-0.1
United Technologies	727	-19.1	300.8	811	3.7	4.0
Republic New York	728	-19.4	235.2	631	7.7	28.4
PHM Corp	729	-20.2	-87.9	439	11.7	-7.4
First Security	730	-20.5	151.0	943	-0.3	-3.0
Rochester G&E	731	-20.8	4.6	914	0.8	2.7
Wickes Cos	732	-21.5[d]	-94.1	591	8.4	-18.5
Avnet	733	-21.7	79.0	700	6.3	15.5
Unocal	734	-21.7	P-D	1026	-5.3	8.6
Bell Industries	735	-21.9	190.1	475	10.9	12.9
Blount	736	-22.7	-30.9	454	11.4	12.5
KN Energy	737	-22.9	500.0+	1060	-9.1	10.0
Portland General	738	-23.5	500.0+	668	7.0	-0.9
Church's Fried	739	-23.9	-56.0	948	-0.6	-2.2
Carpenter Technology	740	-29.2	426.7	872	2.2	21.8
Grow Group	741	-29.6	D-D	289	16.0	-18.6
CityFed Financial	742	-30.0	D-D	300	15.6	-12.2
Amoskeag	743	-30.2	P-D	205	19.7	9.1
Guy F Atkinson	744	-32.2	P-D	1004	-3.6	-1.5
Bank of Boston	745	-33.5	51.6	545	9.6	20.3
Riggs National	746	-34.6	79.3	815	3.7	15.8
Preston	747	-35.7	P-Z	258	17.2	21.2
Pennzoil	748	-36.3[d]	P-D	1030	-5.6	23.7
Foster Wheeler	749	-37.3	-71.8	1035	-5.8	-13.0
Mitchell Energy	750	-38.5	-66.7	1074	-11.2	3.8
Phillips Petroleum	751	-39.7	D-P	1057	-8.7	11.7
Universal Health	752	-40.3	P-Z	164	23.0	8.5
Texas Eastern	753	-42.7	76.2	1058	-8.9	-8.3
Niagara Mohawk Pow	754	-43.3	1.0	891	1.3	6.4
Bankers Trust NY	755	-51.2	D-P	769	4.9	17.1
Security Pacific	756	-55.0	116.9	471	11.1	13.1
AM International	757	-57.2[c]	P-D	442	11.6	-29.4
CenTrust Savings	758	-79.5[c]	D-P	108	30.7	28.0
Advanced Micro		NM	D-P	332	14.4	22.3
ADVO-System		NM	P-D	76	36.1	13.2
Alcan Aluminium		NM	148.3	670	7.0	27.5
Alexander & Alex		NM	2.1	576	8.7	1.7
Alleghany		NM	NA	13	132.7[d]	1.9
Allegheny Intl		NM	D-D	1097	-19.1	-20.8
Alien Group		NM	D-D	833	3.4	1.3
Allied Products		NM	P-D	202	19.8	12.8
Allied-Signal		NM	-13.3	531	9.8	5.9
Alcoa		NM	197.3	882	1.7	26.6
AMAX		NM	38.2	956	-0.8	33.3
Amerada Hess		NM	P-D	1090	-13.7	-2.3
America West Airlines		NM	D-D	33	64.0[c]	43.5
American Bankers		NM	D-P	154	23.6	18.7
American Capital		NM	P-D	44	52.9[c]	12.6
American Carriers		NM	P-D	608	8.3	50.2
American Hoist		NM	D-P	1032	-5.7	3.1
American Maize		NM	-37.2	506	10.3	7.6
American Medical		NM	-4.0	212	19.6	15.1
American Petrofina		NM	50.5	889	1.4	13.7
AmeriFirst Bank		NM	P-D	924	0.4	4.9
AmeriTrust		NM	500.0+	544	9.6	11.8

Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months
Ampco-Pittsburgh	NM		D-D	866	2.4%	-19.7%
Apollo Computer	NM		-43.5%	17	88.3	23.6
Armco	NM		-63.6	1086	-12.4	13.4
Arrow Electronics	NM		D-D	838	3.3	64.7
Asarco	NM		39.1	999	-3.3	54.1
Ashland Oil	NM		54.1	1016	-4.7	19.3
Atlantic Financial	NM		D-P	121	28.2	14.9
Atlantic Richfield	NM		62.9	1075	-11.2	12.6
Avon Products	NM		P-D	979	-2.2	8.2
Baker Hughes	NM		D-P	1072	-10.9	20.4
Balfour MacLaine	NM		P-D	477	10.9	55.9
Bally Manufacturing	NM		-34.6	653	7.2	14.7
BankAmerica	NM		D-P	1037	-6.3	-5.4
Bear Stearns Cos	NM		NA	113	29.4	NA
Beneficial Corp	NM		D-P	1065	-9.8	2.0
Benj Franklin S&L	NM		NA	829	3.5[d]	11.8
WR Berkley	NM		13.7	103	31.3	3.1
Bethlehem Steel	NM		92.3	992	-3.0	20.8
Beverly Enterprises	NM		D-D	179	21.2	-5.3
Black & Decker	NM		73.7	426	12.0	17.9
BMA Corp	NM		-75.4	617	8.1	15.1
Borman's	NM		P-D	910	0.9	-4.8
Budget Rent a Car	NM		NA	125	27.8	23.9
Burlington Northern	NM		-65.1	490	10.6	-19.8
Businessland	NM		88.9	5	163.1[d]	48.1
Butler Manufacturing	NM		153.8	507	10.3	4.6
Cabot	NM		59.9	1003	-3.6	17.7
Caesars World	NM		72.4	694	6.4	4.0
Cameron Iron Works	NM		D-D	1095	-14.7	17.0
Carson Pirie Scott	NM		D-P	657	7.1	27.2
Castle & Cooke	NM		278.6	911	0.9[c]	25.5
Caterpillar	NM		500.0+	708	6.2	28.2
CBI Industries	NM		215.4	397	12.4[d]	1.3
Central Hudson G&E	NM		-57.7	965	-1.3	3.0
Champion Intl	NM		14.0	816	3.7	10.1
Champion Spark Plug	NM		-24.1	928	0.1	-3.6
Charter	NM		79.4	1106	-29.4	-40.6
Chase Manhattan	NM		D-P	883	1.6	13.9
Chemical Banking	NM		D-P	825	3.6	22.7
Cigna	NM		-38.7	597	8.4	4.1
Cincinnati Milacron	NM		P-D	749	5.2	4.2
Citicorp	NM		D-D	537	9.7	13.8
Clark Equipment	NM		D-P	689	6.5	22.1
CMS Energy	NM		46.0	912	0.8	0.8
CNW	NM		21.9	826	3.5	5.9
Coachmen Industries	NM		64.7	906	1.0	10.4
Coast S&L Assoc	NM		-7.0	249	17.5	29.2
Columbia Gas System	NM		-13.9	1080	-11.6	12.8
Combustion Eng	NM		-65.0	1014	-4.5	19.8
Commercial Credit	NM		500.0+	916	0.7	-3.5
Comstock Group	NM		D-D	317	15.0	4.6
Continental Illinois	NM		D-D	1096	-14.9	8.7
Control Data	NM		D-P	939	-0.2	8.4
Copperweld	NM		500.0+	1078	-11.4	31.6
Costco Wholesale	NM		228.6	12	135.6[c]	44.9
Craig	NM		36.6	242	17.9	9.0
Cross & Trecker	NM		D-P	408	12.3	1.4
Crown Central Pet	NM		D-P	1069	-10.6	12.3
CRS Sirrine	NM		D-P	128	26.9	64.5
CSX	NM		-67.0	622	7.9	2.1
Cummins Engine	NM		P-D	453	11.4	20.5
CVN Cos	NM		D-P	43	53.6	253.0
Cyprus Minerals	NM		441.8	680	6.7	50.7
Dairy Mart	NM		D-P	21	73.3	6.4
Dallas Corp	NM		240.9	432	11.9	4.5
Data General	NM		D-D	474	10.9	7.1
Datapoint	NM		D-D	1082	-11.9	6.0

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WHO'S WHERE IN GROWTH

Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months
Deere		NM	D-P	989	-2.8%	43.1%
Delta Air Lines		NM	22.6%	624	7.9	22.5
Delta Woodside Inds		NM	11.3	79	35.2	16.0
Di Giorgio		NM	D-P	896	1.3	2.2
Diamond Shamrock		NM	-33.3	1054	-8.1[d]	10.7
Dibrell Brothers		NM	D-P	1011	-4.2	64.0
Dime Savings Bank		NM	NA	514	10.1	22.1
Diversified Energies		NM	34.0	980	-2.2	13.4
Dravo		NM	D-D	1099	-20.7	-28.1
Dresser Industries		NM	D-P	1000	-3.3	21.6
DWG		NM	44.6	69	38.5	-1.0
Eagle-Picher Inds		NM	7.3	756	5.2	14.3
Eastern Gas & Fuel		NM	223.4	1063	-9.4	-13.5
Edison Bros Stores		NM	P-D	752	5.2	-0.8
Emerson Radio		NM	D-D	42	54.0	-12.7
Emery Air Freight		NM	D-D	339	14.2	19.4
Emhart		NM	18.9	651	7.2	13.9
Empire of America		NM	D-D	284	16.1	8.0
Enron		NM	-84.7	520	10.0	-5.2
Enserch		NM	P-D	1039	-6.4	0.6
Fairchild Industries		NM	D-P	1093	-14.4	5.3
Federal Express		NM	D-P	91	33.3	20.5
Federal Natl Mortgage		NM	265.1	662	7.1	8.5
Fieldcrest Cannon		NM	P-D	161	23.1	0.3
Fin Cp Santa Barbara		NM	-68.9	292	15.9	4.9
Fireman's Fund		NM	-23.5	742	5.4	-11.2
First Chicago		NM	D-P	927	0.1	18.7
First Interstate Bncp		NM	D-D	841	3.2	11.4
First Pennsylvania		NM	D-P	985	-2.6	9.1
First Wisconsin		NM	D-P	757	5.2	12.2
Fischbach		NM	D-D	974	-2.0	-21.1
Florida Federal S&L		NM	D-D	435	11.9	-8.7
Fluor		NM	D-P	1064	-9.7	2.0
LB Foster		NM	D-P	998	-3.2	-13.4
Foxboro		NM	D-D	976	-2.1	0.3
GAF		NM	10.8	764	5.0	16.7
GATX		NM	34.2	1087	-12.5	5.0
General Dynamics		NM	500.0+	607	8.3	1.0
General Instrument		NM	D-P	920	0.6	17.1
Genesco		NM	-44.0	1053	-8.0	-4.1
Getty Petroleum		NM	246.2	38	59.6	7.7
Gibraltar Financial		NM	D-D	267	16.8	44.3
BF Goodrich		NM	120.1	1041	-6.6	13.1
Gordon Jewelry		NM	D-D	994	-3.1	0.4
WR Grace		NM	D-P	1059	-9.1	27.4
Great American Mgmt		NM	500.0+	24	71.6	65.5
Grossman's		NM	-14.3	1018	-4.8	4.8
Grumman		NM	-75.5	414	12.1	6.5
GTE		NM	17.0	755	5.2	5.8
Gulf & Western		NM	30.4	1055	-8.2	19.7
Halliburton		NM	466.7	1091	-14.1	39.5
Handy & Harman		NM	D-P	869	2.3	10.4
MA Hanna		NM	D-P	269	16.8	273.8
Harnischfeger Inds		NM	500.0+	199	19.9	26.3
Home Group		NM	-43.3	988	-2.8	17.8
Honeywell		NM	D-P	862	2.5	14.0
Horn & Hardart		NM	P-D	502	10.4	7.9
Hospital Corp		NM	D-P	468	11.2	-18.9
IC Industries		NM	53.0	878	1.8	-9.2
IMC Fertilizer Group		NM	353.7	975	-2.0[d]	21.3
Imperial Corp of Am		NM	-23.7	282	16.2	-4.6
Inco		NM	500.0+	644	7.4	78.7
Ingersoll-Rand		NM	39.6	892	1.3	10.3
Inland Steel Inds		NM	101.9	847	3.1	18.0
Inspiration Resources		NM	D-P	462	11.3	16.7
Integrated Resources		NM	-33.8	90	33.5	28.6
Intel		NM	429.4	430	11.9	60.9
Intermark		NM	381.3%	100	31.9%	21.4%
Intl Minerals & Chem		NM	197.4	959	-1.0	-26.6
Irving Bank		NM	500.0+	944	-0.4	12.2
Jacobs Engineering		NM	83.3	957	-0.9	136.5
Earle M Jorgensen		NM	D-P	770	4.9	42.4
Kansas City P&L		NM	D-P	664	7.1	4.9
Kansas City Southern		NM	D-P	738	5.5	2.4
Kansas Gas & Elec		NM	500.0+	628	7.7	0.5
Kennametal		NM	35.7	899	1.2	20.2
Kerr Glass Mfg		NM	P-D	1089	-12.8	9.4
Kerr-McGee		NM	18.9	1051	-7.9	5.4
Lafarge		NM	41.0	739	5.5	12.6
Leslie Fay Cos		NM	39.3	305	15.4	10.5
Lone Star Industries		NM	-70.7	984	-2.6	-39.3
Lone Star Tech		NM	P-D	1067	-10.3	105.9
Lorimar Telepictures		NM	D-D	137	25.7	-15.5
Louisiana Land		NM	D-D	1061	-9.4	-1.1
LTV		NM	D-D	443	11.6	1.7
Lukens		NM	104.8	750	5.2	22.9
LVI Group		NM	P-D	16	99.7	2.0
M/A-Com		NM	D-P	1017	-4.7	-2.7
Mack Trucks		NM	-74.6	592	8.4	10.2
MAI Basic Four		NM	6.6	803	4.1	31.1
Mfrs Hanover		NM	D-P	881	1.7	8.1
Manville		NM	14.5	840	3.2	6.7
Martin Marietta		NM	70.7	625	7.8	8.6
Mattel		NM	D-D	905	1.0	-11.5
Maxicare Health		NM	D-D	26	70.6	28.8
McDermott Intl		NM	D-D	1033	-5.8	-18.3
MCI Communications		NM	D-P	112	29.6	24.1
MCorp		NM	D-D	356	13.6	-7.1
Medco Containment		NM	112.3	28	69.4	58.7
Mellon Bank		NM	D-D	640	7.5	-1.6
Mercantile Bancorp		NM	D-P	810	3.8	2.4
Meritor Financial		NM	D-D	330	14.5	-6.0
MGM/UA Commun		NM	D-D	945	-0.5	57.8
Michigan Consolidated		NM	-5.0	1040	-6.5	-4.9
Michigan National		NM	34.0	855	2.7	16.7
Monsanto		NM	54.8	827	3.5	12.2
Morgan Stanley		NM	21.0	75	36.1	19.9
Morrison-Knudsen		NM	D-D	1001	-3.5	1.5
Multimedia		NM	278.0	404	12.3	8.4
Munford		NM	D-D	782	4.5	-10.3
Murphy Oil		NM	D-D	1085	-12.4	6.5
Natl Convenience		NM	D-P	598	8.4	13.8
Natl Semiconductor		NM	D-P	525	9.9	38.1
National-Standard		NM	D-P	888	1.4	11.1
Navistar Intl		NM	500.0+	1012	-4.2	14.5
Newmont Mining		NM	-59.9	1066	-9.9	0.2
Nicor		NM	32.3	1050	-7.8	-2.7
Nipsco Industries		NM	60.9	1010	-4.2	2.3
NL Industries		NM	D-D	1047	-7.1	1.8
Nortek		NM	P-D	63	40.6	11.1
Northeast Savings FA		NM	P-D	240	18.0	19.1
Northern Trust		NM	D-P	907	1.0	18.7
Norton		NM	D-P	941	-0.2	19.2
Norwest		NM	D-P	885	1.6	2.5
Ogden		NM	-51.9	1098	-19.9	18.1
[illegible]		NM	43.4	952	-0.7	19.3
O[illegible]com Group		NM	45.8	532	9.8[d]	13.8
Or[illegible] Capital		NM	D-P	345	14.1	10.8
C[illegible]n Pictures		NM	-19.7	143	25.1	17.1
P[illegible]CE Membership		NM	500.0+	3	181.3[d]	51.3
P[illegible]cific Resources		NM	420.0	1062	-9.4	-1.8
Pan Am		NM	D-D	983	-2.5	15.4
Panhandle Eastern		NM	D-D	1081	-11.8	-21.9
Penn Central		NM	-31.7	1077	-11.3	-7.8

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. c: Three-year growth. d: Four-year growth.

Company	rank	Earnings per share 5-year average	Earnings per share latest 12 months	rank	Sales 5-year average	Sales latest 12 months
Penn Traffic		NM	NA	777	4.7%	8.7%
Pennwalt		NM	12.9%	818	3.7	-5.4
Perini		NM	95.1	1015	-4.5	15.4
Perkin-Elmer		NM	D-P	712	6.1	-7.6
Perry Drug Stores		NM	D-D	132	26.4	-3.0
Phelps Dodge		NM	464.0	701	6.3	63.1
Pittston		NM	P-D	1056	-8.4	24.1
Pope & Talbot		NM	4.1	599	8.4	19.3
Premark Intl		NM	D-P	788	4.5	11.4
Premier Bancorp		NM	D-D	412	12.2	-13.7
PS Group		NM	23.2	890	1.3	-38.4
Public Service NH		NM	P-D	785	4.5	14.3
Quaker State		NM	D-P	962	-1.2	-5.4
Reynolds Metals		NM	87.3	720	5.8	31.4
HH Robertson		NM	D-D	1020	5.0	-16.6
AH Robins		NM	P-D	420	12.1	11.5
Ross Stores		NM	D-P	31	64.6[d]	8.5
St Paul Cos		NM	4.0	528	9.9	3.8
Santa Fe Southern		NM	P-D	970	-1.9	-31.4
Schlumberger		NM	D-P	1036	-5.9	17.0
Scientific-Atlanta		NM	13.3	554	9.3	-2.1
Selective Insurance		NM	3.3	538	9.7	15.4
Service Merchandise		NM	D-P	217	19.3	9.6
AO Smith		NM	-38.2	734	5.6	2.5
Smith International		NM	D-P	1101	-21.8	19.0
Sonat		NM	D-P	1084	-12.3	-6.5
Soo Line		NM	D-P	176	21.4	-4.5
Sprague Technologies		NM	D-P	902	1.1	12.2
SSMC		NM	-82.0	1043	-6.6	8.4
Standard Fedl Bank		NM	NA	41	54.5	6.3
Statesman Group		NM	-95.2	104	31.2	33.4
Stewart & Stevenson		NM	152.8	947	-0.6	42.3
Stone Container		NM	110.8	49	47.1	27.0
Storage Technology		NM	-50.0	1048	-7.5	10.6
Subaru of America		NM	P-D	301	15.6	-11.8
Talley Industries		NM	D-P	930	0.1	21.1
TCF Financial		NM	P-D	380	12.9	-0.8
Tenneco		NM	D-P	934	-0.1	-5.8
Tesoro Petroleum		NM	D-D	1092	-14.1	-14.5
Texaco		NM	P-D	1038	-6.4	7.2
Texas Air		NM	D-D	55	43.9	5.5
Texas American Bcsh		NM	D-D	921	0.5	-8.5
Texas Industries		NM	D-P	241	18.0	10.2
Texas Instruments		NM	25.9	806	4.0	13.8
Thorn Apple Valley		NM	D-P	954	-0.8	-1.7
TIE/Communications		NM	D-D	832	3.5	-1.5
Tiger International		NM	18.6	997	-3.2	13.7
Timken		NM	D-P	812	3.7	30.5
Todd Shipyards		NM	D-D	1094	-14.4	8.2
Tosco		NM	D-P	1103	-22.8	18.3
Transco Energy		NM	P-D	987	-2.8	-6.4
Triangle Industries		NM	P-D	46	51.5[c]	500.0+
Trinity Industries		NM	408.7	703	6.3	44.2
TRW		NM	20.6	771	4.9	5.7
Turner Corp		NM	D-P	648	7.3	13.5
Turner Broadcasting		NM	D-D	98	32.3	26.0
UAL		NM	500.0+	512	10.2	3.8
UGI		NM	31.2	1068	-10.3	0.8
UNC		NM	2.8	364	13.4	-18.1
Union Carbide		NM	180.4	1044	-6.8	20.5
Union Pacific		NM	4.6	968	-1.7	16.4
Union Texas Petrol		NM	D-P	1073	-11.0	-0.9
Unisys		NM	500.0+	231	18.7	4.0
United Banks of Colo		NM	D-P	733	5.6	6.7
United Financial		NM	D-D	140	25.4	-21.2
United HealthCare		NM	D-D	6	163.0	17.3
United Illuminating		NM	D-P	868	2.3	4.9
United Merchants		NM	D-D	509	10.3%	-14.4%
US Home		NM	P-D	1024	-5.2	-8.7
United Telecom		NM	D-P	758	5.1	6.3
UNUM Corp		NM	NA	452	11.4	2.2
USF&G		NM	13.9%	244	17.7	17.6
USLife		NM	-9.6	691	6.5	2.6
USX		NM	D-P	1027	-5.4	26.4
Valero Energy		NM	P-D	1088	-12.6	-14.0
Valley National		NM	88.6	681	6.7	5.3
Valmont Industries		NM	72.1	178	21.3	58.4
Varian Associates		NM	29.6	678	6.7	19.1
Varity Corp		NM	D-P	977	-2.2	38.7
Vista Chemical		NM	D-P	762	5.0	28.3
Volt Info Sciences		NM	P-D	527	9.9	6.4
Wang Laboratories		NM	D-P	219	19.3	5.7
Warner Commun		NM	44.6	1002	-3.5	26.1
Warner-Lambert		NM	20.6	903	1.0	12.8
Washington Mutual		NM	-57.1	323	14.7	7.0
Washington National		NM	P-D	1005	-3.8	18.8
Wendy's Intl		NM	500.0+	387	12.8	2.0
Western Digital		NM	-16.8	23	72.1	70.9
Western Union		NM	D-D	1019	-4.9	6.8
Westmoreland Coal		NM	P-D	915	0.7	-6.9
Wheeling-Pittsburgh		NM	D-P	783	4.5	8.6
Whittaker		NM	-6.6	1105	-27.5	13.8
Williams Cos		NM	D-P	955	-0.8	4.9
Wilson Foods		NM	62.5	1070	-10.6	-1.8
Wyman-Gordon		NM	D-P	1046	-7.1	-19.4
York International		NM	NA	572	8.8	34.0
Zenith Electronics		NM	D-D	391	12.6	11.3
Allegheny Ludlum		NA	NA	714	6.1	41.2
Allis-Chalmers		NA	D-D	1102	-22.3	-19.4
Anchor Savings Bank		NA	NA	156	23.5	4.9
Aristech Chemical		NA	160.2	719	5.8	22.9
Atari		NA	-19.4		NA	147.6
Avondale Industries		NA	NA	522	9.9[d]	NA
Cannon Group		NA	NA		NA	NA
Commercial Federal		NA	-92.0	196	20.0	35.1
Cyclops Industries		NA	NA	489	10.6[d]	NA
Finevest Foods		NA	-15.8		NA	31.2
Foodmaker		NA	20.0	835	3.4	39.0
Formica		NA	149.5	647	7.4	6.7
Fruehauf		NA	NA		NA	NA
Fruit of the Loom		NA	107.7	513	10.2	19.3
Gaylord Container		NA	NA		NA	55.9
Georgia Gulf		NA	164.1	466	11.2	50.5
Goldome		NA	NA	348	13.9	1.1
Henley Group		NA	D-D	107	31.0	-19.8
Henley Manufacturing		NA	NA	822	3.6	3.5
Hills Dept Stores		NA	-75.6	794	4.3	13.8
Home Shopping		NA	-36.4		NA	25.4
IBP		NA	26.6	663	7.1	17.2
Ideal Basic Inds		NA	D-D	1076	-11.2	-1.7
Itel		NA	D-P	74	36.2	54.2
Magma Copper		NA	NA	413	12.1	30.7
Maxus Energy		NA	D-D	1104	-23.5[c]	-34.2
National Intergroup		NA	D-D	754	5.2	-32.3
Neiman Marcus Group		NA	NA	1107	-84.4	NA
People's Bank		NA	NA	609	8.2[d]	7.1
Rexene		NA	NA	942	-0.3[d]	NA
Richfood Holding		NA	NA	690	6.5	15.7
Savin		NA	P-D	986	-2.8	3.2
Charles Schwab		NA	NA	56	43.5	-0.6
Sterling Chemicals		NA	212.3		NA	69.2
Talman Home Federal		NA	NA	1042	-6.6	0.4
Viacom		NA	NA	92	33.2	17.9
Vons Cos		NA	D-D	679	6.7	10.4

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. c: Three-year growth. d: Four-year growth.

WHO'S WHERE IN THE STOCK MARKET

Despite takeovers and buyouts, the 1988 stock market was quiet overall, with the Dow up only 5.1%.

By Eric Hardy

THE DOW INDUSTRIALS gained 62% from the beginning of 1984 to mid-November 1988, but a lot happened between these two points. Over this five-year period the Dow touched a low of 1079 during the day of June 18, 1984 and a precrash high of 2747 on Aug. 25, 1987. That's a span of 1,668 points. Measured by the Wilshire index there has been a $1.7 trillion swing in market capitalization.

What is the market worth now? The Wilshire index of 6,000 exchange-traded stocks shows equities are valued at $2.6 trillion. The Wilshire is now selling at 13 times earnings, which is a point lower than where it was at the start of 1984. Prices could go higher if security analysts *(see p. 198)* are correct in their earnings forecasts.

Over the last five years the FORBES universe of industry survey companies gained 48% on average. It wasn't the corporate giants that made the best gains. None of the 65 issues making up the three Dow averages (industrials, transportation and utilities) ranks among the top 50 stocks. IBM, for example, actually declined 5.3% over the five years and ranks near the bottom, in 805th place.

Instead, Envirodyne Industries, a specialized food packaging concern, leads with a 2322% increase. This works out to an annual compounded rate of 88%. Each dollar invested in Envirodyne is now worth $24.22.

Best Buy, a fast-growing electronics outlet, shot up 2067% while Mayfair Super Markets rose 1115%. This is the second straight year that Mayfair ranks among the top five corporations in long-term market performance. Stocks related to takeover activity also registered big increases. RJR Nabisco and Pillsbury more than tripled over the past five years. Among other firms in the takeover limelight are GAF and Kraft Inc., which are up over 200%.

General Public Utilities, easily the highest ranking electric utility, continues to make progress in the Three Mile Island cleanup; its dividend tripled from last year, to $1.80 per share.

Who were the losers? Western Savings & Loan was ranked 51st in the 1988 survey but is now ranked 938th, with a five-year stock price decline of 45.4%. Higher interest rates and a flagging real estate market caused earnings to dry up at this Arizona-based thrift. The three lowest ranked companies are all Texas financial institutions. At the bottom is United Financial Group, which is now quoted at about 3 cents per share. Allegheny International, Allis Chalmers and Todd Shipyards, which are all in Chapter 11, declined at least 90%.

Many of today's losers were ranked much higher five years ago. In 1984 Todd Shipyards, for example, was standing on a five-year gain of 232% while Allegheny International was up 97%. The tables on the following page show the 25 newest dogs and stars. If that pattern continues to hold, a portfolio of stocks like Todd Shipyards and Allegheny International, bought today, may fare better over

The best industries

Industry	5-year average price change
Packaging	194%
Food processors	164
Communications media	130
Beverages and tobacco	119
Food distributors	112

The worst industries

Industry	5-year average price change
Computers and electronics	8%
Air transport	11
Heavy equipment	18
Metals	20
Construction	21

How did we do?

General Public Utilities wasn't the only company to profit from its ability to improve its lot. Two years ago *(Jan. 12, 1987)* FORBES writers selected one company from each industry group as "the most improved" in its industry. This group of 31 stocks is up an average of 31.2% versus a 12.2% increase in the Dow. Phelps Dodge, a copper mining outfit, rose 150% on the strength of copper prices. The value of holdings in four other companies—Harcourt Brace Jovanovich, Apple Computer, Kroger and Brockway—more than doubled. The biggest disappointment to date has been Lockheed, which is off 21.3%.

The FORBES 1988 industry survey highlighted the "most innovative company" in each industry. After one year these 31 stocks are up an average 7.8% versus 5.1% for the Dow. MCI Communications (telecommunications) more than doubled. Are FORBES writers super stock pickers? We'd like to think so, but our yearly exercise really shows the value of focusing on the one or two companies in each industry that appear to offer something special.

the long term than the list that includes Envirodyne Industries and Mayfair Super Markets. That's the stuff on which contrarian dreams are made.

Although none of the 31 industries tracked by FORBES shows a stock market decline as a group during the last five years, a few failed to keep up with inflation on a yearly basis. Despite a 332% jump for Compaq Computer and a 212% gain for Apple Computer, shares of the 54 computer and electronics firms show an average five-year increase of only 8% in the period. This lackluster showing is due mostly to the terrible performance of the semiconductor stocks.

Packaging gained almost 200%, but that's partly because of spectacular action in Envirodyne Industries. Food processors and distributors, communications media and beverages and tobacco all doubled or better.

To qualify for ranking in the table beginning on page 220, a company in this survey must have been publicly traded as of Dec. 31, 1985. Corporations that made significant restructurings in the form of a special cash dividend or a spinoff of a subsidiary were not ranked. Kroger, for example, underwent a massive restructuring as part of its takeover defense against Kohlberg Kravis Roberts. This included a special dividend of $40 a share. Santa Fe Southern Pacific paid $30 per share owing to a government mandated divestiture. ■

The best companies

These were the best-performing stocks over the past five years. But staying on top may be tough.

Company	5-year price change	Recent price
Envirodyne Industries	2322.4%	25¾
Best Buy Co	2066.7	8⅛
Mayfair Super Markets	1115.3	19¼
Smithfield Foods	717.1	17⅝
First Capital Holding	671.4	6¾
Tyson Foods	621.6	15⅞
Gap	588.1	36⅛
Affiliated Publications	566.2	28½
Alberto-Culver	533.3	35⅜
Food Lion	529.0	10¾
Danaher	494.4	13⅜
Arden Group	473.1	48
Dixie Yarns	464.4	18½
GAF	459.4	46½
Village Super Market	458.6	20¼
Holly Corp	425.9	18
Schultz Sav-O Stores	403.7	17
Circuit City Stores	390.8	39⅞
Precision Castparts	386.4	32¾
General Public Utilities	380.6	37¼
Tyco Laboratories	378.6	33½
Mark IV Industries	371.4	10⅛
United Artists	369.8	25¼
Hartford Steam Boiler	366.7	31½
Olsten	362.5	21¾

The worst companies

In the past five years these industry survey stocks were clobbered. But will they be losers forever?

Company	5-year price change	Recent price
United Financial	–99.6%	1/32
Texas American Bancshares	–99.0	⅜
MCorp	–97.2	¾
Allis-Chalmers	–97.0	½
American Carriers	–95.5	⅞
TIE/Communications	–95.4	1¼
Western Union	–95.2	1¾
Savin	–95.0	¼
Allegheny International	–94.3	1⅞
Ideal Basic Industries	–92.9	1⅝
Todd Shipyards	–91.6	2⅝
Storage Technology	–89.0	1½
Maxicare Health	–87.5	1
Manville	–86.4	1½
LTV	–85.7	2⅝
Florida Federal S&L	–85.7	2¼
US Home	–82.6	2
Emery Air Freight	–82.0	4⅜
Cannon Group	–80.6	4⅛
HH Robertson	–80.4	9
Gibraltar Financial	–79.5	2⅛
Advanced Micro	–78.1	7⅜
Comstock Group	–77.9	1⅞
Arrow Electronics	–77.5	6⅛
Wang Laboratories	–77.2	8⅛

WHO'S WHERE IN THE STOCK MARKET

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
258	196	Abbott Laboratories	97.3%	67	18½	44⅝	$3.18	14.0	2.07	$1.20	2.7%	$9.23	4.84
994	792	Advanced Micro	–78.1	44⅛	7⅛	7⅜	0.49	15.1	0.50	none	0.0	7.73	0.95
NR	NR	ADVO-System	NA	12¾	4	4¼	–0.39	def	0.09	none	0.0	3.36	1.26
601	588	Aetna Life & Cas	31.6	68¼	27¼	47⅜	6.20	7.6	0.23	2.76	5.8	53.56	0.88
8	NR	Affiliated Pubs	566.2	41¼	4⅛	28½	–0.78	def	3.69	0.20	0.7	4.69	6.08
499	421	HF Ahmanson	50.0	28¾	5¼	15⅝	1.84	8.4	0.47	0.88	5.7	17.93	0.86
354	318	Air Prods & Chems	74.2	53⅞	18⅜	38⅞	3.90	10.0	0.89	1.20	3.1	20.66	1.88
923	763	Airborne Freight	–39.1	36	11⅛	18⅛	1.01	17.9	0.17	0.60	3.3	18.03	1.01
573	NR	Alaska Air Group	38.9	27⅞	9½	19⅜	2.02	9.7	0.39	0.16	0.8	17.37	1.13
NR	NR	Albany International	NA	19¾	9¾	15⅜	1.43	10.9	0.85	0.25	1.6	6.01	2.60
9	89	Alberto-Culver	533.3	38¼	5⅜	35⅛	1.99	17.9	0.77	0.30	0.8	9.55	3.73
141	269	Albertson's	145.2	38¾	9⅞	33¼	1.24	14.6	0.35	0.56	1.7	10.02	3.32
722	599	Alcan Aluminium	9.9	37⅞	15⅛	29⅛	4.85	6.0	0.56	1.20	4.1	22.50	1.29
321	NR	Alco Health Services	81.5[a]	29¾	10½	28⅛	1.55	18.1	0.17	none	0.0	11.09	2.54
592	633	Alco Standard	34.5	30	13⅜	23⅜	2.33	10.0	0.28	0.76	3.3	12.52	1.87
717	811	Alexander & Alexander	11.3	42⅜	15⅞	24⅜	1.46	16.9	0.88	1.00	4.1	9.30	2.65
44	57	Alexander & Baldwin	268.0	36¾	8¼	31⅛	2.63	11.8	2.33	0.80	2.6	9.79	3.18
39	48	Alexander's	292.4	77	15¾	64¼	–0.86	def	0.61	none	0.0	18.17	3.54
NR	NR	Alleghany	NA	109⅞	60¼	71	7.17	9.9	0.45	none	0.0	79.20	0.90
1007	919	Allegheny Intl	–94.3	34	1⅜	1⅞	–24.01	def	0.02	none	0.0	–9.39	NE
NR	NR	Allegheny Ludlum	NA	36⅛	15⅛	34	4.22	8.1	0.67	1.00	2.9	9.27	3.67
568	454	Allegheny Power	39.7	53½	24⅜	37⅜	3.88	9.6	0.89	3.00	8.0	28.19	1.33
887	812	Allen Group	–24.4	27¼	5½	13¼	–1.98	def	0.30	none	0.0	11.20	1.23
385	NR	Allied Products	68.6	45½	7	14¼	–1.28	def	0.13	none	0.0	27.07	0.54
835	527	Allied-Signal	–12.9[c]	54½	26	32⅜	2.94	11.0	0.41	1.80	5.6	20.87	1.55
1012	925	Allis-Chalmers	–97.0	17⅜	⅜	½	–2.34	def	0.02	none	0.0	–1.25	NE
205	321	Alltel	117.8	37¾	13¾	35¾	3.64	9.8	1.46	1.72	4.8	17.24	2.07
702	556	Alcoa	13.6	64¾	29¼	51	8.77	5.8	0.49	1.40	2.7	43.62	1.17
648	218	AM International	21.9	9⅜	2⅜	4⅞	–0.53	def	0.31	none	0.0	3.75	1.30
807	807	AMAX	–5.8	29¼	10½	22⅜	3.00	7.5	0.47	0.40	1.8	13.45	1.66
257	325	Amdahl	97.3	28	4¾	18⅛	1.86	9.7	1.10	0.10	0.6	7.32	2.48
786	744	Amerada Hess	–3.0	41⅞	16½	28⅛	–0.22	def	0.54	0.60	2.1	26.30	1.07
932	NR	America West Airlines	–43.6	13½	3½	6⅝	–2.48	def	0.13	none	0.0	2.91	2.28
832	797	American Bankers	–11.8	17¼	7	12⅛	1.59	7.6	0.19	0.50	4.1	9.57	1.27
352	344	American Brands	74.7	60⅜	26½	51¾	5.88	8.8	0.86	2.44	4.7	26.41	1.96
736	804	American Building	7.6	30⅛	15	26½	1.66	16.0	0.17	0.92	3.5	18.55	1.43
816	NR	American Capital	–8.3[b]	9⅜	2⅛	4⅛	–0.33	def	0.12	none	0.0	4.22	0.98
1011	NR	American Carriers	–95.5	20½	¾	⅞	–6.66	def	0.01	none	0.0	10.95	0.08
683	38	American Continental	15.9	13	3⅞	8½	2.17	3.9	0.21	none	0.0	5.27	1.61
317	261	American Cyanamid	83.0	57	21⅛	45¼	3.37	13.6	0.91	1.20	2.6	20.85	2.19
479	538	American Electric	54.0	31⅝	15⅛	26⅜	2.87	9.2	1.07	2.32	8.8	20.94	1.26
426	503	American Express	60.9	40⅝	12½	26¼	1.70	15.4	0.51	0.84	3.2	10.11	2.60
92	24	American Family	186.0	18¾	3½	13	1.34	9.7	0.47	0.28	2.2	6.78	1.92
590	413	American General	34.6	46¾	19⅜	30⅜	3.37	9.1	0.68	1.40	4.6	33.81	0.91
878	773	American Greetings	–22.2	42	13	20⅜	1.15	17.9	0.53	0.66	3.2	16.75	1.23
818	865	American Hoist	–8.6	14⅜	4¾	12	0.23	52.2	0.26	none	0.0	7.82	1.53
462	466	American Home Prod	55.7	96¾	46¾	77¼	6.22	12.4	2.08	3.60	4.7	17.38	4.44
262	303	American Intl Group	96.5	83¾	25½	63⅛	7.10	8.9	0.79	0.40	0.6	34.35	1.84
829	668	American Maize	–11.3	26⅜	10¼	14¾	1.45	10.2	0.19	0.52	3.5	23.27	0.63
903	896	American Medical	–32.8	28⅜	10⅝	16⅛	1.21	13.3	0.41	0.72	4.5	10.93	1.48
496	434	American Natl Ins	50.6	50¾	21⅜	32⅜	2.92	11.1	0.97	1.48	4.6	52.40	0.62
603	723	American Petrofina	30.9	75	38⅜	72	8.61	8.4	0.36	3.20	4.4	55.43	1.30
394	537	American President	66.8	51	13⅞	32¼	3.41	9.5	0.34	0.50	1.6	28.99	1.11
583	180	American Stores	36.9	86¼	26½	54¼	3.77	14.4	0.11	0.84	1.5	31.49	1.72
474	448	American Tel & Tel	54.5	35⅞	14⅞	27⅝	2.02	13.7	0.86	1.20	4.3	13.48	2.05
166	NR	American Water Works	133.5	25⅞	6¾	17	1.84	9.2	1.03	0.68	4.0	16.99	1.00
NR	NR	AmeriFirst Bank	NA	20	8½	17¾	–0.60	def	0.45	none	0.0	17.73	1.00
213	319	Ameritech	113.7	101½	41½	91⅞	9.13	10.1	1.28	5.40	5.9	55.43	1.66
382	309	AmeriTrust	69.1	27¼	10⅛	20½	2.22	9.2	0.81	1.12	5.5	18.45	1.11
653	317	Ames Dept Stores	21.1	34⅜	7½	14⅜	1.02	13.1	0.24	0.10	0.7	11.34	1.27
791	531	Ametek	–3.6	19⅝	9⅞	13½	0.80	17.0	1.06	0.60	4.4	5.76	2.34
582	415	Amoco	36.9[c]	90¼	48⅛	69½	8.03	8.7	0.85	3.50	5.0	46.99	1.48

Note: Except as indicated, price changes are from Dec. 31, 1983 to Nov. 16, 1988. NR: Not ranked due to merger, spinoff, reorganization, new issue or conversion to stock company. Range is for period since such change. a: Three-year price change. b: Four-year price change. c: Price change does not reflect the value of shares received in a spinoff. d: Does not include stock dividends given in another company as part of the dividend. NA: Not available. NM: Not meaningful. NE: Negative equity. def: Deficit.

Sources: Forbes; William O'Neill & Co.

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
653	648	Amoskeag	21.1%	45½	13½	23	$–0.38	def	0.05	$0.60	2.6%	$41.69	0.55
744	339	AMP	6.6	71½	26⅛	40⅝	2.82	14.4	1.68	1.00	2.5	12.54	3.24
893	700	Ampco-Pittsburgh	–27.7	24	11⅛	12⅝	–2.16	def	0.49	0.30	2.4	15.68	0.81
610	606	AMR	30.1	65½	24¼	47	5.97	7.9	0.33	none	0.0	45.58	1.03
413	203	AmSouth Bancorp	62.2	38½	12¾	23⅞	2.67	8.9	0.74	1.32	5.5	20.43	1.17
NR	NR	Anchor Glass	NA	30½	7⅛	9½	0.32	29.7	0.13	0.08	0.8	6.24	1.52
NR	NR	Anchor Savings Bank	NA	13¼	3⅞	4⅞	–1.08	def	0.12	none	0.0	18.02	0.27
86	99	Anheuser-Busch Cos	189.2	40⅛	9	30⅛	2.38	12.7	1.01	0.72	2.4	9.87	3.05
595	396	Aon	34.2	32⅞	13⅜	27	2.59	10.4	0.62	1.28	4.7	17.48	1.54
983	NR	Apollo Computer	–67.1	30¾	7	7⅛	0.26	27.4	0.40	none	0.0	6.33	1.13
73	186	Apple Computer	211.8	59¼	7⅛	38	3.08	12.3	1.16	0.32	0.8	6.63	5.73
291	402	Archer-Daniels	89.0	27¾	8½	19¾	2.02	9.8	0.51	0.10	0.5	14.82	1.33
12	59	Arden Group	473.1	63	7½	48	5.79	8.3	0.21	none	0.0	12.76	3.76
NR	NR	Argonaut Group	NA	52⅛	17½	44½	16.42	2.7	1.05	none	0.0	34.90	1.28
NR	NR	Aristech Chemical	NA	39	16¾	25¼	6.01	4.2	0.62	0.92	3.6	14.43	1.75
856	758	Arkla	–17.5	27¾	15⅜	18¼	1.10	16.6	0.78	1.08	5.9	12.02	1.52
960	872	Armco	–55.7	23⅜	4⅛	9¼	0.55	16.8	0.25	none	0.0	8.09	1.14
158	221	Armstrong World Inds	137.1	47⅜	11⅛	32¾	3.49	9.4	0.59	1.00	3.1	19.54	1.68
992	905	Arrow Electronics	–77.5	29⅜	3	6⅛	–0.41	def	0.08	none	0.0	8.74	0.70
497	378	Arvin Industries	50.5	39¼	10⅜	18¼	0.61	29.9	0.25	0.68	3.7	22.27	0.82
847	808	Asarco	–15.0	34½	10	25½	5.41	4.7	0.59	0.80	3.1	28.49	0.90
187	369	Ashland Oil	125.4	38⅛	10½	32⅛	3.29	9.8	0.24	1.00	3.1	17.17	1.87
NR	NR	Atari	NA	16⅛	4⅜	5⅛	0.54	9.5	0.39	none	0.0	2.91	1.76
793	785	Guy F Atkinson	–3.9b	20	12½	15⅜	–0.16	def	0.15	0.48	3.1	21.15	0.73
102	123	Atlanta Gas Light	177.2	28	9⅜	27⅛	2.25	12.2	0.56	1.76	6.4	17.52	1.56
542	484	Atlantic Energy	43.5	46⅜	19⅞	35⅛	3.74	8.9	1.01	2.76	8.3	25.71	1.30
915	831	Atlantic Financial	–37.1	19⅛	5¼	5½	1.57	3.5	0.03	0.28	5.1	24.38	0.23
336	403	Atlantic Richfield	78.0	99⅛	40⅞	77	8.42	9.1	0.79	4.00	5.2	32.26	2.39
239	228	Automatic Data	103.5	54½	14⅛	36⅛	2.26	16.0	1.76	0.52	1.4	12.71	2.84
478	312	Avery International	54.1	29¼	11½	21	1.11	18.9	0.60	0.48	2.3	10.61	1.98
966	821	Avnet	–57.6	49⅛	18½	19½	1.45	13.4	0.37	0.50	2.6	19.52	1.00
876	761	Avon Products	–21.4	38⅛	17⅞	19¾	–6.48	def	0.36	1.00	5.1	10.66	1.85
NR	NR	Avondale Industries	NA	18¼	13⅜	16⅛	0.11	146.6	0.40	0.84	5.2	15.50	1.04
NR	NR	Baker Hughes	NA	27⅜	11⅛	12½	0.45	27.8	0.64	0.46	3.7	7.54	1.66
NR	NR	Balfour Maclaine	NA	14⅛	4¼	7⅛	–0.44	def	0.04	0.16	2.0	6.10	1.29
286	195	Ball Corp	90.4	48½	14⅜	29¾	2.42	12.3	0.66	1.08	3.6	17.04	1.75
754	861	Bally Manufacturing	4.5	27¾	10½	20½	1.06	19.3	0.30	0.24	1.2	18.45	1.11
253	251	Baltimore G&E	98.4	39⅞	15	31⅜	3.54	8.9	1.38	2.00	6.4	22.24	1.41
314	474	Banc One	84.2	30⅛	11½	23¾	2.57	9.3	1.21	0.92	3.9	13.86	1.71
143	NR	Bancorp Hawaii	144.3	42⅛	12	39½	5.12	7.7	1.00	0.91	2.3	25.18	1.57
185	NR	Bandag	126.6	69	19	62⅞	4.41	14.3	1.98	0.90	1.4	8.84	7.11
356	327	Bank of Boston	74.1	38	9¼	23½	2.77	8.5	0.32	1.24	5.3	23.62	0.99
327	NR	Bank of New England	79.8	39½	11¼	23⅝	3.20	7.4	0.53	1.36	5.8	20.61	1.15
415	387	Bank of New York	62.0	46¾	17½	35⅝	5.87	6.0	0.51	1.92	5.4	33.65	1.05
846	900	BankAmerica	–15.0	23⅛	5¼	17¾	2.12	8.4	0.30	none	0.0	14.56	1.22
395	433	Bankers Trust NY	66.2	55¼	18⅞	37½	9.81	3.8	0.49	1.86	5.0	37.39	1.00
181	248	CR Bard	127.5	25⅛	4⅞	19⅝	1.29	15.2	1.53	0.32	1.6	5.23	3.75
490	363	Barnes Group	51.6	40¾	18	34½	3.17	10.9	0.38	1.20	3.5	19.67	1.75
298	149	Barnett Banks	88.2	41¾	14½	32⅝	3.65	8.9	0.78	1.04	3.2	21.59	1.51
862	NR	Bassett Furniture Ind	–19.1	52	30	37⅝	2.15	17.5	0.67	1.00	2.7	31.28	1.20
384	482	Bausch & Lomb	69.0	49⅝	17½	42¼	3.14	13.5	1.34	1.00	2.4	19.40	2.18
894	737	Baxter International	–28.0	29¼	11¼	16¾	1.25	13.4	0.61	0.50	3.0	12.38	1.35
170	236	BayBanks	131.7	52	16¾	44¼	5.28	8.5	0.81	1.60	3.6	31.60	1.42
827	NR	Bear Stearns Cos	–10.6[a]	25⅛	8	12½	NA	NA	NA	0.50	4.0	10.43	1.20
578	750	Bearings	37.6	41⅞	18⅞	34⅝	3.02	11.5	0.32	0.80	2.3	25.00	1.39
103	205	Becton Dickinson	174.1	69	15½	50⅜	4.01	12.6	1.16	1.00	2.0	21.64	2.33
212	282	Bell Atlantic	114.2	79¾	32⅞	69⅞	6.56	10.7	1.34	4.08	5.8	44.13	1.58
955	NR	Bell Industries	–52.8	29½	11¼	13⅞	1.89	7.3	0.21	0.28	2.0	18.40	0.75
222	314	BellSouth	109.6	46	18⅛	39¼	3.46	11.3	1.43	2.36	6.0	24.89	1.58
37	49	Bemis	307.3	25½	5⅛	20⅞	1.39	15.0	0.51	0.44	2.1	8.66	2.41
596	478	Beneficial Corp	33.3	78⅜	23	45	4.89	9.2	0.82	2.00	4.4	30.82	1.46
NR	NR	Benj Franklin S&L	NA	10½	3½	4⅜	1.88	2.5	0.07	none	0.0	21.52	0.21

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Sources: Forbes; William O'Neill & Co.

WHO'S WHERE IN THE STOCK MARKET

Rank 85	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
650	862	Bergen Brunswig	21.4%	27¼	10½	20¼	$1.89	10.7	0.11	$0.32	1.6%	$10.36	1.95
71	NR	WR Berkley	225.0	40¼	8	29¼	4.65	6.3	0.72	0.36	1.2	20.74	1.41
51	54	Berkshire Hathaway	258.8	4985	1220	4700	300.62	15.6	2.36	none	0.0	2477.47	1.90
2	NR	Best Buy Co	2066.7	23¼	⅛	8⅛	0.22	36.9	0.13	none	0.0	7.07	1.15
892	852	Bethlehem Steel	-27.2	29½	4⅝	20¾	4.23	4.9	0.29	none	0.0	16.20	1.28
985	640	Beverly Enterprises	-68.7	22½	4⅛	3⅞	-0.66	def	0.10	none	0.0	8.67	0.45
63	256	Big Bear	241.7	31¾	5⅛	25¼	1.81	14.0	0.24	none	0.0	10.21	2.47
872	790	Bindley Western Inds	-21.1	17⅛	5½	7	0.27	25.9	0.04	none	0.0	6.90	1.01
875	754	Black & Decker	-21.3	28¾	13	20⅞	1.65	12.6	0.53	0.40	1.9	11.12	1.87
183	184	H&R Block	126.8	34⅝	9⅛	27½	1.69	16.3	1.76	1.04	3.8	7.37	3.73
785	637	Blount	-2.4	21⅝	9¼	15⅛	0.38	39.8	0.13	0.40	2.6	11.93	1.27
452	211	BMA Corp	57.4	48¼	17⅞	30	1.58	19.0	0.58	1.20	4.0	29.55	1.02
685	328	Boatmen's Bancshares	15.8	47½	23½	33	4.08	8.1	0.74	2.00	6.1	33.37	0.99
225	441	Boeing	108.7	67⅜	23¾	60⅞	3.80	16.0	0.56	1.60	2.6	32.75	1.86
487	449	Boise Cascade	52.4	52⅛	19⅜	40	5.84	6.8	0.45	1.40	3.5	31.88	1.25
85	128	Borden	190.7	63⅞	16½	54¼	4.05	13.5	0.58	1.56	2.8	22.51	2.43
530	584	Borman's	45.3	25⅛	4¼	9⅝	-11.45	def	0.03	none	0.0	3.60	2.67
701	512	Boston Edison	13.7	28	12½	16⅛	1.66	9.7	0.50	1.82	11.3	19.32	0.83
632	589	Bowater	25.0[b]	44½	14⅞	25⅜	3.94	6.5	0.67	1.12	4.4	19.57	1.31
817	828	Briggs & Stratton	-8.4	42	20¼	28½	1.99	14.3	0.44	1.60	5.6	20.97	1.36
263	177	Bristol-Myers	96.4	55⅞	20½	41½	2.80	14.8	2.04	1.68	4.0	11.21	3.70
519	528	Brooklyn Union Gas	46.7	28⅛	14	23¼	2.49	9.5	0.61	1.72	7.2	18.24	1.30
184	598	Brown-Forman	126.7	55⅜	15½	49⅛	3.50	16.5	1.31	1.68	3.4	15.82	3.11
775	688	Brown Group	0.2	44¼	25	31⅞	2.44	13.1	0.32	1.56	4.9	20.33	1.57
165	121	Browning-Ferris Inds	133.7	35¼	6¾	25⅛	1.41	17.8	1.89	0.48	1.9	5.93	4.24
108	115	Bruno's	167.8	12⅞	3¼	9⅞	0.53	18.6	0.39	0.12	1.2	3.06	3.23
163	13	Brunswick	135.5	30¼	6	17	2.38	7.1	0.44	0.44	2.6	9.52	1.79
NR	NR	Budget Rent a Car	NA	29	8½	27⅞	1.34	20.8	0.61	none	0.0	7.25	3.84
681	NR	Burlington Coat	-23.1	34½	12	17½	1.79	9.8	0.38	none	0.0	12.82	1.37
561	260	Burlington Northern	40.9	84¼	35	69¾	3.80	18.4	0.99	2.20	3.2	46.52	1.50
679	839	Businessland	16.7	19	3	12⅛	0.85	14.4	0.31	none	0.0	4.88	2.51
629	703	Butler Manufacturing	26.0	37¼	18½	31½	1.65	19.1	0.22	1.40	4.4	25.53	1.23
544	507	Cabot	43.5	49¼	20½	35⅞	2.27	15.8	0.58	0.92	2.6	21.46	1.67
240	238	Caesars World	103.3	35¾	8¼	23⅜	2.93	8.0	0.68	none	0.0	7.02	3.33
784	672	CalFed	-2.4	42	11⅛	20¼	5.91	3.5	0.19	1.40	6.7	51.01	0.41
118	176	CalMat	157.3[b]	46⅛	9⅛	27½	1.91	14.4	1.45	0.48	1.7	14.34	1.92
919	863	Cameron Iron Works	-37.6	23⅜	8⅜	12⅛	-0.38	def	0.69	0.04	0.3	10.10	1.21
260	204	Campbell Soup	96.7	35⅜	13⅜	30	1.87	16.0	0.79	0.92	3.1	14.69	2.04
997	NR	Cannon Group	-80.6	45½	2⅜	4⅛	-6.50	def	0.13	none	0.0	-1.98	NE
151	148	Capital Cities/ABC	139.6	450	123½	345	21.33	16.2	1.15	0.20	0.1	137.40	2.51
420	462	Capital Holding	61.6	38¾	15⅛	30	2.95	10.2	0.74	0.94	3.1	23.02	1.30
553	788	Cardinal Distribution	42.2	20⅞	8⅛	17	2.20	7.7	0.14	0.08	0.5	9.78	1.74
663	814	Carlisle Cos	20.3	40¼	22	33⅜	2.86	11.7	0.48	1.16	3.5	22.78	1.47
NR	NR	Carnival Cruise Lines	NA	17½	8⅛	13¾	1.39	9.9	3.11	0.40	2.9	4.72	2.91
871	523	Carolina Freight	-20.8	42½	13¾	23¾	0.90	26.4	0.24	0.54	2.3	19.15	1.24
423	475	Carolina Power & Lt	61.4	42⅞	19¼	35½	2.34	15.2	1.29	2.76	7.8	29.41	1.21
844	755	Carpenter Technology	-14.9	58¼	28½	45¾	3.16	14.5	0.72	2.10	4.6	33.61	1.36
NR	63	Carson Pirie Scott	NA	16½	7¼	11¼	0.31	36.3	0.14	0.10	0.9	11.44	0.98
NR	NR	Carter Hawley Hale	NA	12½	6¾	8¼	0.21	39.3	0.07	none	0.0	-10.19	NE
45	NR	Carter-Wallace	266.4	75½	9¾	38¼	2.75	13.9	1.15	0.68	1.8	17.46	2.19
277	NR	Castle & Cooke	92.3[a]	29¼	10⅛	25	2.12	11.8	0.68	none	0.0	10.78	2.32
623	564	Caterpillar	27.0	74¾	28⅜	60	5.84	10.3	0.62	0.75	1.3	35.15	1.71
836	877	CBI Industries	-13.1	33⅞	16	25¼	0.82	31.4	0.35	0.60	2.3	24.73	1.04
126	110	CBS	151.9	226¼	61½	166⅞	53.06	3.1	1.42	4.40	2.6	56.70	2.94
30	NR	CDI Corp	347.9	29⅞	5⅛	27	2.24	12.1	0.27	none	0.0	9.51	2.84
284	535	Centel	90.6	52¼	20½	44⅜	3.50	12.8	1.44	1.84	4.1	23.81	1.87
NR	NR	Centerior Energy	NA	27¾	12¼	12½	2.24	5.6	0.88	1.60	12.8	22.10	0.57
207	432	Centerre Bancorp	116.2	57¼	18½	56¾	3.11	18.2	0.86	1.80	3.2	43.56	1.30
689	777	Centex	15.3[b]	40½	15⅛	26⅛	1.86	14.2	0.24	0.25	0.9	24.25	1.09
468	392	Central & So West	55.1	40½	16⅞	30¼	3.94	7.7	1.14	2.44	8.1	26.52	1.14
824	765	Central Hudson G&E	-9.8	39⅞	16⅛	20¾	1.65	12.6	0.69	1.70	8.2	20.35	1.02
585	587	Central Ill Pub Svc	36.2	30¾	14	21⅜	2.35	9.2	1.21	1.76	8.1	16.73	1.29

Note: Except as indicated, price changes are from Dec. 31, 1983 to Nov. 16, 1988. NR: Not ranked due to merger, spinoff, reorganization, new issue or conversion to stock company. Range is for period since such change. a: Three year price change. b: Four year price change. c: Price change does not reflect the value of shares received in a spinoff. d: Does not include stock dividends given in another company as part of the dividend. NA: Not available. NM: Not meaningful. NE: Negative equity. def: Deficit.

Sources: Forbes, William O'Neill & Co.

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
636	767	Central Maine Power	23.3%	20½	7⅞	17⅞	$2.24	8.0	0.64	$1.48	8.3%	$15.12	1.18
338	271	Central Steel & Wire	77.3	585	315	585	105.74	5.5	0.27	91.50	15.6	484.75	1.21
695	NR	CenTrust Savings Bank	14.5[a]	13½	3⅞	7	1.91	3.7	0.07	1.35	19.3	28.52	0.25
758	625	Champion Intl	3.5	44¼	16⅞	29⅞	4.40	6.8	0.57	1.00	3.3	30.82	0.97
652	747	Champion Spark Plug	21.2	16⅜	7¼	12⅞	0.41	31.4	0.61	0.20	1.6	10.32	1.25
195	82	Charming Shoppes	123.0	36¼	4½	13⅜	0.62	23.9	1.00	0.12	0.9	3.86	3.53
978	908	Charter	–63.3	12⅞	1	4⅛	1.74	2.4	0.33	none	0.0	1.77	2.33
655	683	Chase Manhattan	20.9	49½	17⅞	27½	10.36	2.7	0.20	2.16	7.9	38.70	0.71
733	719	Chemical Banking	8.2	56¼	20	31¾	11.56	2.7	0.38	2.72	8.6	25.96	1.22
538	419	Chesapeake	44.3	26⅜	10½	19	2.50	7.6	0.55	0.56	2.9	11.68	1.63
631	624	Chevron	25.3	64⅜	29¼	43⅜	5.36	8.1	0.57	2.60	6.0	40.62	1.07
38	103	Chicago Pacific	306.1	58	14½	53¼	6.02	8.8	0.48	0.60	1.1	31.17	1.71
643	NR	Child World	22.4[a]	20¼	7½	15	0.79	19.0	0.22	none	0.0	17.06	0.88
250	111	Chrysler	99.5	48	9⅜	24½	4.34	5.6	0.18	1.00	4.1	29.36	0.83
339	133	Chubb	77.2	78⅛	23¼	54¼	7.78	7.0	0.56	2.16	4.0	48.10	1.13
912	884	Church's Fried	–36.7	20¼	5	7¾	0.11	70.5	0.71	0.20	2.6	6.99	1.11
739	662	Cigna	7.1	77¼	27	46⅞	5.80	8.1	0.21	2.96	6.3	63.73	0.74
475	429	CILcorp	54.5	43⅜	18½	32¼	2.38	13.6	0.95	2.40	7.4	23.77	1.36
33	120	Cincinnati Bell	322.1	45¼	8¾	42⅞	2.67	16.1	1.87	1.12	2.6	14.04	3.05
366	270	Cincinnati Financial	72.1	76	26¼	54¼	7.47	7.3	0.96	1.76	3.2	39.77	1.36
245	593	Cincinnati G&E	101.0	31⅛	8⅞	25⅞	2.43	10.6	0.93	2.24	8.7	20.49	1.26
914	857	Cincinnati Milacron	–37.0	35	14	20⅜	–2.86	def	0.58	0.72	3.5	8.66	2.38
506	307	Circle K	48.5	18⅜	6⅞	12⅜	0.97	13.0	0.20	0.28	2.2	6.71	1.88
18	1	Circuit City Stores	390.8	45¼	5⅞	39⅞	2.59	15.4	0.58	0.12	0.3	8.99	4.44
43	NR	Circus Circus	268.9	34¼	6⅞	28⅛	2.11	13.3	1.74	none	0.0	7.34	3.83
598	657	Citicorp	32.7	34⅛	13¾	24⅛	–1.74	def	0.26	1.48	6.0	22.12	1.11
351	254	Citizens & Southern	74.8	30½	12⅞	25⅛	3.19	7.9	0.76	1.24	4.9	17.80	1.41
980	894	CityFed Financial	–65.2	18⅛	3⅛	3⅞	–0.33	def	0.07	0.04	1.0	14.53	0.27
877	786	Clark Equipment	–21.5	39⅛	15¼	29⅜	1.23	24.1	0.41	none	0.0	21.18	1.40
159	266	Clorox	136.8	36	11⅜	31⅜	2.50	12.6	1.32	1.04	3.3	13.19	2.38
371	842	CMS Energy	70.8	26½	4⅛	24⅛	3.43	7.0	0.68	none	0.0	16.96	1.42
107	78	CNA Financial	168.0	75	21	56⅝	8.06	7.0	0.45	none	0.0	46.40	1.22
927	665	CNW	–40.8	44½	16¼	25¼	2.84	9.1	0.42	none	0.0	22.53	1.14
982	849	Coachmen Industries	–66.8	29⅛	6⅛	8⅜	0.28	30.8	0.16	0.40	4.6	9.83	0.88
765	NR	Coast S&L Assn	1.8[a]	22	11¼	14½	3.82	3.7	0.14	0.40	2.8	33.82	0.42
188	73	Coastal Corp	125.3	40⅜	10½	30½	2.12	14.4	0.22	0.40	1.3	17.11	1.78
169	231	Coca-Cola	132.0	53⅛	16⅜	41⅜	2.72	15.2	1.86	1.20	2.9	8.66	4.78
NR	NR	Coca-Cola Enterprises	NA	21⅓	10½	14	0.73	19.2	0.52	0.05	0.4	10.92	1.28
776	716	Coleman	–0.3	46¼	25¼	36⅞	3.50	10.5	0.40	1.20	3.3	26.26	1.40
261	304	Colgate-Palmolive	96.5	52⅜	20½	42¼	3.35	12.6	0.58	1.48	3.5	17.35	2.44
400	342	Collins Foods Intl	65.9	23½	6½	14⅜	1.14	12.6	0.58	0.10	0.7	8.93	1.61
801	595	Columbia Gas System	–4.6	56½	26¾	33⅜	2.04	16.5	0.48	2.00	5.9	34.08	0.99
NR	NR	Columbia Pictures	NA	16⅛	6¼	10⅜	–0.94	def	0.92	none	0.0	8.58	1.24
788	58	Columbia S&L Assn	–3.4	17⅜	3½	7	0.23	30.4	0.13	0.28	4.0	20.13	0.35
850	793	Combustion Eng	–16.5	45⅛	22⅜	26½	0.48	55.2	0.29	1.00	3.8	22.67	1.17
436	487	Comdisco	59.9	36½	5⅜	20¼	0.41	49.4	0.64	0.24	1.2	11.24	1.80
189	189	Comerica	124.7	51½	17⅜	45½	6.49	7.0	0.70	2.00	4.4	33.49	1.36
344	364	Commerce Bcshs	75.7	42¼	19⅞	39¼	4.73	8.4	0.85	1.20	3.0	35.22	1.13
433	366	Commerce Clearing	60.0	71	25	48	3.03	15.8	1.45	1.40	2.9	10.47	4.58
NR	NR	Commercial Credit	NA	34⅜	17	21	2.23	9.4	0.93	0.28	1.3	15.33	1.37
477	NR	Commercial Federal	54.4[b]	19⅛	5¼	8¼	0.21	41.7	0.09	none	0.0	18.64	0.47
571	376	Commercial Metals	39.3	31½	11⅜	23½	2.85	8.2	0.19	0.44	1.9	17.22	1.36
664	667	Commonwealth Ed	20.2	38	20	31¼	3.52	8.9	1.20	3.00	9.6	33.26	0.94
411	463	Commonwealth Energy	62.6	45¼	16¼	31½	3.16	10.0	0.45	2.80	8.9	29.83	1.06
32	32	Compaq Computer	332.0	78½	3½	54	5.33	10.1	1.13	none	0.0	11.69	4.62
29	NR	Computer Associates	354.2	37¼	3¾	27¼	1.55	17.6	2.66	none	0.0	6.31	4.32
172	169	Computer Sciences	130.3	73	11	44⅜	3.00	14.9	0.58	none	0.0	21.36	2.09
993	NR	Comstock Group	–77.9[b]	14⅛	1½	1⅞	–5.15	def	0.02	none	0.0	4.37	0.43
124	147	ConAgra	152.9	38	9⅞	28⅞	2.05	14.1	0.23	0.77	2.7	10.40	2.78
333	273	Consolidated Edison	78.9	52⅞	22⅜	44½	4.64	9.6	1.00	3.20	7.2	34.91	1.27
493	436	Consol Freightways	51.2	41¼	13½	30⅜	2.46	12.3	0.44	0.98	3.2	18.16	1.67
176	84	Consol Natural Gas	128.8	46⅜	15½	38¾	2.41	16.1	1.36	1.64	4.2	19.27	2.01

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Sources: Forbes, William O'Neill & Co.

WHO'S WHERE IN THE STOCK MARKET

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
89	72	Consolidated Papers	187.4%	43½	12⅝	37	$3.34	11.1	1.84	$1.00	2.7%	$13.96	2.65
NR	NR	Consolidated Rail	NA	40⅞	20	32¼	4.46	7.2	0.65	1.20	3.7	55.52	0.58
889	NR	Consolidated Stores	–26.4[a]	23⅛	2⅝	5¾	0.33	17.4	0.43	none	0.0	2.83	2.03
615	820	Constar Intl	28.5	30⅞	11⅝	22	1.39	15.8	0.23	0.64	2.9	12.33	1.78
364	422	Contel	72.5	39⅝	18	36⅞	1.65	22.3	0.95	2.08	5.6	18.28	2.02
617	574	Continental Corp	28.2	55	23½	35¼	1.70	20.7	0.33	2.60	7.4	42.05	0.84
798	885	Continental Illinois	–4.3[b]	10¼	2¼	5½	–1.49	def	0.20	0.20	3.6	4.43	1.24
834	NR	Continental Info Sys	–12.5	13⅜	1⅜	3	0.01	300.0	0.05	none	0.0	5.48	0.55
972	859	Control Data	–61.9	48½	15¼	17¼	0.59	29.2	0.20	none	0.0	24.85	0.69
974	NR	Cooper Cos	–62.3	28¾	5⅛	5¾	–4.61	def	0.15	none	0.0	10.34	0.56
501	423	Cooper Industries	49.6	74½	26	52	4.06	12.8	0.64	1.80	3.5	31.74	1.64
98	543	Cooper Tire & Rubber	178.7	27¼	6⅛	22⅛	1.76	12.6	0.62	0.30	1.4	10.89	2.03
787	550	Adolph Coors	–3.1	31⅜	12	19⅝	1.32	14.9	0.49	0.50	2.5	28.19	0.70
925	889	Copperweld	–40.6	23¼	5⅜	12¼	1.75	7.0	0.38	0.30	2.4	8.96	1.37
111	208	CoreStates Financial	164.5	44⅛	14⅞	41	4.33	9.5	1.03	1.68	4.1	25.55	1.60
318	553	Corning Glass Works	82.4	81½	29¼	63⅜	6.59	9.7	1.37	1.48	2.3	34.09	1.87
634	NR	Costco Wholesale	24.5[a]	19½	5⅛	14⅜	0.46	31.8	0.18	none	0.0	3.65	4.01
136	335	CPC International	146.8	58½	17⅛	47½	3.58	13.3	0.83	1.60	3.4	13.61	3.49
192	285	Craig	123.3	22¼	4¼	16¾	1.98	8.5	0.03	none	0.0	10.24	1.64
NR	296	Crane	NA	26½	13⅜	22½	2.04	11.0	0.45	1.00	4.4	11.40	1.97
267	61	Cray Research	95.5	135½	19¼	54⅜	3.27	16.6	2.85	none	0.0	19.85	2.74
470	368	Crestar Financial	55.0	35⅞	12½	24⅛	2.60	9.3	0.68	1.12	4.6	19.45	1.24
968	NR	Cross & Trecker	–58.9	30¼	10¼	11⅞	1.90	6.3	0.34	none	0.0	15.11	0.79
752	NR	CrossLand Savings FSB	4.5[a]	24¼	7¼	14½	4.27	3.4	0.16	0.80	5.5	33.88	0.43
757	709	Crown Central Pet	3.5	26	9⅛	18½	10.53	1.8	0.10	none	0.0	26.79	0.69
69	76	Crown Cork & Seal	227.1	46⅝	11⅝	40½	3.27	12.4	0.60	none	0.0	22.73	1.79
410	NR	CRS Sirrine	62.8	24⅞	8¼	23⅞	1.41	16.9	0.28	0.24	1.0	10.86	2.20
635	500	CSX	23.7	41¾	18⅜	30⅝	0.93	32.9	0.62	1.24	4.0	32.18	0.95
312	257	Culbro	84.2	58½	18¼	42⅜	2.11	20.1	0.22	0.80	1.9	33.60	1.26
926	722	Cummins Engine	–40.7	94¼	40¾	47⅜	–1.95	def	0.16	2.20	4.6	66.47	0.72
539	286	Curtice Burns Foods	44.2	27⅞	14½	24⅞	2.65	9.4	0.20	0.80	3.2	15.11	1.65
179	NR	CVN Cos	127.8[b]	38	3⅞	15⅛	0.65	23.7	0.46	none	0.0	8.00	1.92
NR	NR	Cyclops Industries	NA	49½	19¼	21	–1.98	def	0.15	none	0.0	–0.51	NE
313	NR	Cyprus Minerals	84.2[a]	36	14	30⅝	4.28	7.2	0.69	0.40	1.3	32.92	0.93
388	NR	Dairy Mart	68.2	15⅜	4⅛	10¼	1.03	10.0	0.09	0.12	1.2	6.53	1.57
886	NR	Dallas Corp	–24.1	23½	7⅝	13⅛	0.75	17.8	0.24	0.66	4.9	13.62	0.98
618	496	Dana	28.1	54¼	21⅛	35⅞	3.44	10.4	0.31	1.60	4.5	21.63	1.66
11	NR	Danaher	494.4	20	2¼	13⅜	1.62	8.3	0.41	none	0.0	4.53	2.95
954	684	Data General	–52.7	76	16	17⅜	–0.55	def	0.36	none	0.0	21.32	0.83
851	NR	Datapoint	–16.7[a]	9¼	3⅜	4⅜	–0.55	def	0.13	none	0.0	10.76	0.41
633	699	Dayton Hudson	24.5	63	25⅛	38¾	2.68	14.5	0.28	1.02	2.6	23.15	1.67
265	213	Dean Foods	95.8	38½	16½	28½	1.67	17.1	0.49	0.60	2.1	9.90	2.88
665	712	Deere	20.1	50½	21½	46¼	3.87	12.0	0.61	0.80	1.7	28.23	1.64
393	550	Delchamps	67.3	28	9¾	20½	1.38	14.9	0.16	0.36	1.8	9.99	2.05
599	424	Delmarva Power & Lt	32.5	25½	11½	17	1.60	10.6	1.03	1.46	8.6	13.01	1.31
660	801	Delta Air Lines	20.4	67⅛	27	47⅞	7.11	6.7	0.33	1.20	2.5	44.99	1.06
NR	NR	Delta Woodside Inds	NA	16½	5¼	10	1.57	6.4	0.35	0.20	2.0	4.94	2.02
155	162	Deluxe Corp	138.2	42¼	8¾	23¾	1.65	14.4	1.83	0.92	3.9	5.77	4.12
742	481	Dennison Mfg	6.6	35½	17⅞	24⅞	2.16	11.5	0.54	1.28	5.1	14.83	1.68
748	735	DeSoto	5.5	46	21	33½	0.74	45.3	0.35	1.40	4.2	24.32	1.38
668	697	Detroit Edison	19.1	19¾	11½	16⅜	1.88	8.7	0.80	1.68	10.3	19.69	0.83
547	470	Dexter	43.2	32⅜	11⅞	21	1.51	13.9	0.63	0.80	3.8	11.84	1.77
320	486	Di Giorgio	81.7	32¼	9⅜	23⅝	1.53	15.4	0.12	0.64	2.7	17.49	1.35
NR	NR	Diamond Shamrock R&M	NA	18¼	7⅜	14¾	1.14	12.9	0.19	0.40	2.7	10.20	1.45
194	272	Dibrell Brothers	123.0	15	6	13¾	1.72	8.0	0.16	0.56	4.1	9.65	1.42
896	NR	Diebold	–30.2	60¾	31⅛	36⅛	2.59	13.9	1.05	1.30	3.6	25.92	1.39
135	151	Digital Equipment	147.2	199½	35¼	89	9.58	9.3	0.94	none	0.0	59.47	1.50
87	29	Dillard Dept Stores	188.4	57½	10¾	40⅝	2.95	13.7	0.54	0.16	0.4	20.00	2.02
NR	NR	Dime Savings Bank FSB	NA	27	12⅝	14¾	2.33	6.3	0.32	0.60	4.1	28.60	0.52
26	62	Walt Disney	360.8	82½	11⅜	60⅝	3.80	16.0	2.34	0.40	0.7	14.01	4.33
441	198	Diversified Energies	59.0	29⅞	15	24¾	2.17	11.4	0.53	1.52	6.1	16.28	1.52
13	NR	Dixie Yarns	464.4	33¾	2⅞	18½	1.93	9.6	0.36	0.60	3.2	17.36	1.07

Note: Except as indicated, price changes are from Dec. 31, 1983 to Nov. 16, 1988. NR: Not ranked due to merger, spinoff, reorganization, new issue or conversion to stock company. Range is for period since such change. a: Three-year price change. b: Four-year price change. c: Price change does not reflect the value of shares received in a spinoff. d: Does not include stock dividends given in another company as part of the dividend. NA: Not available. NM: Not meaningful. NE: Negative equity. def: Deficit.

Sources: Forbes, William O'Neill & Co.

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
859	799	Dollar General	–18.6%	29⅜	4¾	9½	$0.32	29.7	0.29	$0.20	2.1%	$5.82	1.63
444	249	Dominion Bankshares	58.6	25⅜	9⅛	16¾	2.14	7.8	0.75	0.80	4.8	13.82	1.21
268	305	Dominion Resources	95.5	52⅛	20⅜	43¼	4.48	9.7	1.29	3.20	7.4	31.44	1.38
387	310	RR Donnelley & Sons	68.2	45⅜	16	32⅜	2.54	12.7	0.91	0.78	2.4	14.91	2.17
315	353	Dover	83.3	38⅞	14⅛	27½	2.12	13.0	0.96	0.68	2.5	10.14	2.71
138	90	Dow Chemical	146.4	109⅝	25¾	82¼	11.24	7.3	0.98	2.80	3.4	30.46	2.70
779	505	Dow Jones	–1.7	56¼	23½	31⅞	2.44	13.1	1.91	0.68	2.1	8.80	3.62
299	577	DPL	86.9	29¼	11⅝	25	2.29	10.9	1.06	2.16	8.6	19.61	1.27
716	748	Dravo	11.5	21⅞	8¾	15¾	–4.57	def	0.88	none	0.0	6.03	2.61
630	673	Dresser Industries	25.9	35⅛	14	26⅛	1.65	15.8	0.47	0.80	3.1	21.51	1.21
482	219	El du Pont de Nemours	53.4	131	42⅜	79¾	8.85	9.0	0.59	3.80	4.8	58.65	1.36
330	329	Duke Power	79.1	52	22¼	45	4.60	9.8	1.24	2.96	6.6	31.95	1.41
373	263	Dun & Bradstreet	70.6	71¾	25⅛	52⅞	2.58	20.5	2.43	1.74	3.3	10.95	4.83
619	794	Duquesne Light	27.8	19½	10⅜	17¼	1.93	8.9	1.08	1.20	7.0	17.61	0.98
586	834	Durr-Fillauer	35.8	18⅜	7⅛	15¾	0.68	23.2	0.21	0.18	1.1	7.93	1.99
110	74	DWG	165.0	9¼	1⅜	6¾	1.62	4.2	0.10	none	0.0	6.44	1.05
804	698	E-Systems	–5.2	40⅞	21¾	29⅞	2.32	12.9	0.67	0.50	1.7	13.93	2.14
922	450	Eagle-Picher Inds	–38.6	53	13½	15⅞	3.96	4.0	0.23	1.12	7.1	19.09	0.82
802	708	Eastern Gas & Fuel	–4.7	33¼	19¼	22⅞	2.07	11.1	0.79	1.30	5.7	19.52	1.17
611	619	Eastman Kodak	29.3	71	26¼	43¾	4.10	10.7	0.89	2.00	4.6	18.54	2.36
559	278	Eaton	41.2	71⅞	25⅛	52	5.49	9.5	0.57	2.00	3.8	28.17	1.85
566	571	Echlin	40.0	25⅜	10¼	16⅝	1.12	14.8	0.71	0.62	3.7	10.88	1.53
425	467	Ecolab	61.0	33¼	10¾	25¼	1.43	17.7	0.58	0.66	2.6	14.74	1.71
NR	NR	Edgcomb	NA	8⅜	1⅞	7⅛	0.65	11.0	0.10	none	0.0	2.15	3.31
823	NR	Edison Bros Stores	–9.0[a]	44	21⅞	31½	–0.53	def	0.35	1.80	5.7	19.50	1.62
708	784	AG Edwards	12.5	38⅞	12⅜	18	1.32	13.6	0.75	0.68	3.8	13.43	1.34
843	644	EG&G	–14.2	45⅛	26⅛	27⅞	2.18	12.8	0.59	0.68	2.4	9.79	2.85
698	NR	El Paso Electric	14.0	21⅜	10	15¼	1.11	13.7	1.36	1.52	10.0	16.40	0.93
602	549	Emerson Electric	31.4	42⅛	19½	29⅛	2.31	12.6	1.01	1.12	3.8	11.68	2.49
720	706	Emerson Radio	10.0	12¾	2⅛	3⅜	–0.03	def	0.17	none	0.0	2.14	1.58
998	907	Emery Air Freight	–82.0	26	3¾	4⅝	–2.42	def	0.08	none	0.0	6.31	0.73
556	379	Emhart	41.7	26⅝	12⅜	20¼	1.92	10.5	0.46	0.88	4.3	13.52	1.50
NR	NR	Empire of America	NA	7	1½	1½	–2.97	def	0.02	none	0.0	9.84	0.15
897	781	Engelhard	–30.4	29¼	14⅜	17⅞	1.27	14.1	0.34	0.56	3.1	16.36	1.09
810	567	Enron	–6.3	54⅜	31	37	1.48	25.0	0.31	2.48	6.7	29.32	1.26
879	752	Enserch	–22.5	29⅞	13⅛	17¼	–4.02	def	0.36	0.80	4.6	13.62	1.27
1	NR	Envirodyne Industries	2322.4	36⅞	1	25¼	2.46	10.5	0.97	none	0.0	7.10	3.63
101	171	Equifax	178.2	32⅞	7⅞	25½	1.53	16.7	0.87	0.84	3.3	5.86	4.35
507	479	Equitable of Iowa	48.3	27	11½	22	2.12	10.4	0.32	1.00	4.5	29.55	0.74
432	127	Equitable Resources	60.5	46⅞	19	32⅛	1.76	18.5	1.73	1.28	3.9	21.90	1.49
255	NR	Esselte Business Sys	97.5[b]	46⅛	12⅜	29⅜	2.87	10.2	0.43	0.88	3.0	21.35	1.38
74	18	Ethyl	209.8	32¼	5	19¾	1.86	10.6	1.21	0.48	2.4	7.87	2.51
202	126	Exxon	119.4	50¾	18⅛	41	4.01	10.2	0.71	2.20	5.4	24.38	1.68
880	851	Fairchild Industries	–23.0	20⅜	7⅞	14¼	0.95	15.0	0.39	0.20	1.4	8.12	1.75
797	677	Family Dollar Stores	–4.2	28¼	7	13¼	0.98	13.5	0.55	0.32	2.4	5.49	2.41
55	201	Farmers Group	247.3	73¼	17⅛	72½	4.26	17.0	3.86	1.44	2.0	22.34	3.25
855	NR	Fay's Drug	–17.0	12½	4¾	10	0.58	15.8	0.27	0.20	2.0	3.90	2.56
800	576	Federal Express	–4.6	75½	27¾	44⅛	3.48	12.7	0.57	none	0.0	25.17	1.75
622	697	Federal-Mogul	27.0	55¾	29⅛	47	3.77	12.5	0.50	1.72	3.7	27.30	1.72
246	647	Federal Natl Mortgage	100.0	52¼	10⅞	46	6.90	6.7	0.34	0.96	2.1	23.00	2.00
409	243	Federal Paper Board	62.8	27	8¼	18⅝	2.67	7.0	0.68	0.64	3.4	11.76	1.58
282	502	Ferro	91.0	40¾	11⅛	31¾	3.22	9.9	0.44	0.72	2.3	19.04	1.67
NR	NR	FHP International	NA	14¼	5½	11	1.65	6.7	0.20	none	0.0	3.54	3.11
704	681	Fieldcrest Cannon	13.6	43	12⅝	20⅞	–0.33	def	0.16	0.68	3.3	25.36	0.82
60	118	Figgie Intl	243.4	92	21⅛	91	8.57	10.6	0.57	0.88	1.0	47.55	1.91
971	NR	Fin Cp Santa Barbara	–61.5	17⅝	2½	3⅛	0.38	8.2	0.04	0.10	3.2	6.76	0.46
NR	NR	Finevest Foods	NA	14¼	9¼	9¼	0.32	28.9	0.16	0.12	1.3	2.13	4.34
792	NR	Fireman's Fund	–3.6[a]	44½	24⅛	29¾	4.07	7.3	0.40	0.50	1.7	26.17	1.14
372	235	First American	70.6	34⅝	12¼	22¾	1.88	12.1	0.70	1.25	5.5	21.06	1.08
232	NR	First Amer Financial	105.6	35	11¼	27¾	2.66	10.4	0.22	0.70	2.5	28.18	0.98
467	224	First Bank System	55.3	37⅛	10⅜	20⅞	2.49	8.4	0.53	1.64	7.9	21.82	0.96
148	570	First Boston	140.7	62¾	17¼	50¼	3.67	13.7	0.44	1.00	2.0	33.24	1.51

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Sources: Forbes; William O'Neill & Co.

WHO'S WHERE IN THE STOCK MARKET

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
5	NR	First Capital Holding	671.4%	26⅞	¾	6¾	$1.47	4.6	0.19	none	0.0%	$7.02	0.96
666	634	First Chicago	19.7	35¼	16⅝	30⅜	4.27	7.1	0.37	$1.50	4.9	24.80	1.22
536	635	First Executive	44.5	21⅛	5¾	14¼	1.80	7.9	0.37	none	0.0	14.63	0.98
480	654	First Federal Mich	53.6	30	5¾	13¼	1.74	7.6	0.13	0.60	4.5	35.58	0.37
360	322	First Fidelity Bncp	73.4	46½	15⅝	35⅞	2.85	12.6	0.72	2.00	5.6	25.47	1.41
718	620	First Interstate Bncp	11.1	67⅜	30¼	46¼	–1.58	def	0.37	2.92	6.3	44.39	1.04
48	193	First Maryland Bncp	261.3	35¾	8⅞	35	2.98	11.8	0.99	1.00	2.9	24.67	1.42
145	85	First of America Bank	142.2	54	17⅞	44	6.02	7.3	0.58	2.00	4.5	43.38	1.01
308	385	First Pennsylvania	84.9	12⅝	4½	12¼	0.81	15.1	0.81	none	0.0	5.23	2.34
678	694	First Security	17.2	35½	15	24¾	2.46	10.1	0.60	1.20	4.8	29.72	0.83
381	291	First Tennessee Natl	69.3	36⅜	14⅛	27⅜	2.58	10.6	0.71	1.40	5.1	21.72	1.26
514	298	First Union	47.3	30	11⅜	20⅝	2.71	7.6	0.78	0.88	4.3	16.25	1.27
708	NR	First Wachovia	12.5[a]	46⅛	30½	38¼	4.00	9.6	1.12	1.52	4.0	23.94	1.60
137	136	First Wisconsin	146.6	33	8	25⅛	2.77	9.1	0.70	1.00	4.0	16.50	1.52
975	923	Fischbach	–63.1	55½	6⅛	18⅜	–7.07	def	0.07	none	0.0	25.99	0.72
193	152	Fleet/Norstar Finl	123.0	30⅝	10⅛	26⅝	2.33	11.4	0.95	1.28	4.8	15.98	1.67
854	771	Fleetwood Enterprises	–16.9	33½	14	22⅛	2.30	9.6	0.34	0.64	2.9	15.02	1.47
707	660	Fleming Cos	13.0	45⅞	22	32⅝	1.76	18.5	0.09	1.00	3.1	19.58	1.67
1000	899	Florida Federal S&L	–85.7	22⅝	2	2¼	–7.90	def	0.04	none	0.0	11.93	0.18
454	509	Florida Natl Banks	56.5	29¼	10¾	18	1.42	12.7	0.64	0.52	2.9	17.16	1.05
370	347	Florida Progress	71.6	47	18¾	34¾	3.43	10.1	0.88	2.56	7.4	24.77	1.40
233	145	Flowers Industries	105.3	22	7¾	18¼	1.18	15.4	0.85	0.50	2.7	5.74	3.18
715	847	Fluor	11.6	23⅜	11	19¼	2.15	9.0	0.32	0.08	0.4	6.74	2.86
42	10	FMC	276.2	60⅜	7⅜	30⅜	2.93	10.5	0.32	none	0.0	–10.12	NE
10	12	Food Lion	529.0	14⅜	1½	10¾	0.33	32.6	0.99	0.06	0.6	1.05	10.24
79	112	Foodarama Supermkts	201.3	32⅞	6¼	29	3.67	7.9	0.07	none	0.0	23.55	1.23
NR	NR	Foodmaker	NA	19¼	5¾	18⅜	1.44	12.9	0.29	none	0.0	8.99	2.07
54	27	Ford Motor	250.4	56⅜	11	49½	10.41	4.8	0.30	2.40	4.8	37.56	1.32
626	579	Foremost Corp of Amer	26.6	43⅞	21¼	34½	2.66	13.0	0.94	1.08	3.1	22.92	1.51
NR	NR	Formica	NA	18⅛	4½	14½	2.52	5.8	0.43	none	0.0	7.39	1.96
781	892	LB Foster	–2.0	8⅛	1⅞	6⅛	0.96	6.4	0.24	none	0.0	3.58	1.71
826	736	Foster Wheeler	–10.5	25	9½	13⅞	0.20	69.4	0.45	0.44	3.2	12.79	1.08
870	866	Foxboro	–20.6	40½	18⅜	28	–5.45	def	0.66	0.40	1.4	15.30	1.83
486	411	FPL Group	52.8	38	17⅜	30¾	3.31	9.3	0.84	2.20	7.2	23.82	1.29
575	611	Freeport-McMoRan	38.5	31⅜	13½	27⅞	4.08	6.8	0.32	2.88[d]	10.3[d]	12.77	2.18
NR	NR	Fruehauf	NA	8⅜	1⅞	3⅝	–5.95	def	0.02	none	0.0	–6.74	NE
NR	NR	Fruit of the Loom	NA	9¾	3⅞	4¾	0.81	5.9	0.30	none	0.0	3.14	1.51
637	166	HB Fuller	23.3	48½	11¾	24½	2.45	10.0	0.35	0.56	2.3	17.02	1.44
211	64	Fuqua Industries	115.0	38⅜	10	28¾	5.33	5.4	0.67	0.32	1.1	15.22	1.89
14	9	GAF	459.4	69½	7½	46½	3.08	15.1	1.38	0.10	0.2	18.34	2.54
390	418	Gannett	67.8	56¼	16¾	33	2.18	15.1	1.65	1.08	3.3	9.94	3.32
7	22	Gap	588.1	77⅞	4½	36⅛	1.55	20.5	1.10	0.60	1.7	7.61	4.75
466	524	GATX	55.4	52⅛	25¾	50½	4.94	10.2	0.80	1.80	3.6	25.16	2.01
NR	NR	Gaylord Container	NA	22	12¾	13	3.06	4.2	0.30	none	0.0	3.27	3.98
218	210	Geico	111.6	136¼	48⅞	123	10.20	12.1	1.13	1.64	1.3	39.18	3.14
512	165	GenCorp	47.6	40	9¾	18¼	7.41	2.5	0.32	0.60	3.3	–3.06	NE
346	245	General Cinema	75.6	31¾	8½	19¾	1.37	14.4	0.66	0.40	2.0	6.96	2.84
867	NR	General Development	–20.2[a]	26⅛	8⅛	12⅜	1.88	6.6	0.21	none	0.0	20.62	0.60
837	544	General Dynamics	–13.5	89¼	42	50¼	8.66	5.8	0.22	1.00	2.0	38.19	1.32
534	333	General Electric	45.0	66⅜	24⅛	42½	3.14	13.5	1.00	1.64	3.9	18.25	2.33
591	469	General Host	34.6	25⅝	5½	8⅜	–0.11	def	0.39	0.28	3.3	9.98	0.84
906	886	General Instrument	–33.8	47⅞	12¾	21½	2.47	8.7	0.60	0.50	2.3	16.45	1.31
285	348	General Mills	90.4[c]	62⅛	20⅞	49¾	5.91	8.4	0.79	1.88	3.8	7.75	6.42
745	730	General Motors	6.6	94⅛	50	79¼	11.75	6.7	0.23	5.00	6.3	92.75	0.85
306	438	General Motors EDS	85.8[b]	51	18¼	39⅜	3.15	12.5	0.44	0.68	1.7	8.64	4.56
495	NR	GM Hughes Electronics	51.0[a]	40⅝	16⅜	28⅞	1.89	15.3	0.35	0.44	1.5	54.04	0.53
20	60	General Public Utils	380.6	38½	7¼	37¼	4.90	7.6	0.84	1.80	4.8	31.48	1.18
464	395	General Re	55.5	69½	23⅛	53¼	4.75	11.2	1.74	1.20	2.3	26.21	2.03
839	770	General Signal	–13.8	61¼	33¼	43¾	0.92	47.6	0.73	1.80	4.1	33.02	1.32
909	822	Genesco	–34.9	8¾	2⅜	5⅛	0.61	8.4	0.24	none	0.0	5.08	1.01
NR	NR	Genlyte Group	NA	11¾	8	8	5.98	1.3	0.22	none	0.0	NA	NA
345	405	Genuine Parts	75.6	44⅜	16	35⅛	2.23	15.8	0.95	1.04	3.0	9.84	3.57

Note: Except as indicated, price changes are from Dec. 31, 1983 to Nov. 16, 1988. NR: Not ranked due to merger, spinoff, reorganization, new issue or conversion to stock company. Range is for period since such change. a: Three-year price change. b: Four-year price change. c: Price change does not reflect the value of shares received in a spinoff. d: Does not include stock dividends given in another company as part of the dividend. NA: Not available. NM: Not meaningful. NE: Negative equity. def: Deficit.

Sources: Forbes; William O'Neill & Co.

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
NR	NR	Georgia Gulf	NA	79¼	19½	70½	$12.12	5.8	0.95	$1.20	1.7%	$10.79	6.53
588	622	Georgia-Pacific	35.4%	52¾	18	33½	4.48	7.5	0.37	1.40	4.2	25.59	1.31
279	293	Gerber Products	91.9	63	20½	54⅜	2.36	23.0	1.07	1.48	2.7	16.48	3.30
83	75	Getty Petroleum	197.8	30⅜	5¼	15	2.14	7.0	0.14	0.20	1.3	7.12	2.11
41	55	Giant Food	280.1	25⅞	4⅞	21½	1.43	15.1	0.46	0.40	1.9	5.91	3.64
995	898	Gibraltar Financial	–79.5	13⅜	2⅛	2⅛	–1.97	def	0.03	none	0.0	9.56	0.22
105	140	Gillette	172.5	49	10¾	33⅛	2.33	14.2	1.07	0.86	2.6	5.20	6.37
31	NR	PH Glatfelter	343.6	37¾	8⅜	36⅞	3.07	12.0	1.62	0.70	1.9	11.51	3.20
234	146	GlenFed	105.1	33½	6¾	20	5.17	3.9	0.24	1.20	6.0	35.98	0.56
244	188	Golden West Finl	101.7	46¾	7⅜	29¾	4.14	7.2	0.70	0.28	0.9	25.28	1.18
NR	NR	Goldome	NA	7¾	2⅜	2⅜	–2.41	def	0.05	none	0.0	16.08	0.15
403	702	BF Goodrich	65.4	65	24⅝	50¼	6.45	7.8	0.53	1.72	3.4	36.51	1.38
430	565	Goodyear	60.5	76½	23	48¾	8.08	6.0	0.26	1.80	3.7	32.19	1.51
885	717	Gordon Jewelry	–24.0	22½	9⅞	16¼	–1.59	def	0.35	0.52	3.2	21.44	0.76
711	664	WR Grace	12.2	37⅛	17¼	25⅛	2.33	10.9	0.39	1.40	5.5	17.31	1.47
374	330	WW Grainger	70.3	71¾	23½	52⅜	3.83	13.7	0.97	0.88	1.7	20.97	2.50
524	346	Gt Am First Savings	46.3	25	5½	9⅞	1.72	5.7	0.16	0.60	6.1	25.93	0.38
753	308	Great American Mgmt	4.5	17½	11¼	17½	0.82	21.3	0.09	none	0.0	19.71	0.89
56	30	Great A&P Tea	245.9	48⅛	11⅝	42⅜	3.04	13.9	0.17	0.60	1.4	22.32	1.90
453	NR	Great Lakes Chemical	56.8	77	24	53⅛	5.37	9.9	1.68	0.72	1.4	22.57	2.35
359	96	Gt Northern Nekoosa	73.6	60½	15½	35	5.69	6.2	0.55	1.12	3.2	22.62	1.55
383	610	Gt Western Financial	69.0	24⅛	6⅝	14⅞	1.55	9.6	0.61	0.76	5.1	14.87	1.00
694	542	Greyhound	14.8	46	18⅜	29⅛	0.67	43.5	0.38	1.32	4.5	24.35	1.20
NR	NR	Grossman's	NA	11½	4	5½	0.48	11.5	0.13	none	0.0	3.37	1.63
774	700	Grow Group	0.3	15⅞	5½	10¼	–0.25	def	0.29	none	0.0	4.49	2.28
849	742	Grumman	–16.5	36⅜	17⅛	20¼	0.47	43.1	0.19	1.00	4.9	15.17	1.33
521	608	GTE	46.6	44¼	23¼	42¾	3.61	11.8	0.86	2.68	6.3	23.86	1.79
762	239	Guilford Mills	2.6	39½	16	25⅛	2.69	9.3	0.42	0.80	3.2	19.55	1.29
131	39	Gulf & Western	149.8	46¾	12⅛	37⅛	3.06	12.3	0.87	0.70	1.9	17.40	2.16
899	897	Gulf States Utils	–31.4	16½	4¼	8¾	0.75	11.7	0.63	none	0.0	18.41	0.48
818	NR	Hadson	–8.6	10⅛	2	4	0.22	18.2	0.22	none	0.0	4.40	0.91
913	827	Halliburton	–36.8	44	17⅛	25½	1.02	25.0	0.60	1.00	3.9	19.77	1.29
167	NR	Handleman	132.8	25⅜	7⅛	20½	1.61	12.7	0.78	1.00	4.9	7.60	2.70
789	809	Handy & Harman	–3.5	28	13¼	17⅛	0.51	33.6	0.37	0.66	3.9	8.35	2.05
612	NR	MA Hanna	29.1	22½	10½	17¾	3.33	5.3	0.38	0.40	2.3	14.51	1.22
66	52	Hannaford Bros	237.0	54¼	11	45⅞	2.93	15.7	0.36	0.64	1.4	15.07	3.04
271	81	Hanover Insurance	94.6	38⅜	9½	27	5.70	4.7	0.36	0.36	1.3	25.68	1.05
NR	NR	Harcourt Brace	NA	13¼	3¾	8¾	0.44	19.9	0.31	none	0.0	–24.91	NE
NR	NR	Harley-Davidson	NA	29⅞	7¼	22⅜	3.37	6.6	0.26	none	0.0	9.10	2.46
NR	NR	Harman International	NA	17½	6⅜	15	1.48	10.1	0.27	none	0.0	8.42	1.78
367	156	Harnischfeger Inds	72.1	29¼	7⅛	14⅜	0.99	14.8	0.39	0.20	1.4	12.32	1.19
910	843	Harris Corp	–35.8	42¾	22	25¾	1.71	15.1	0.50	0.88	3.4	24.94	1.03
392	290	Harsco	67.4	39⅛	12⅝	26½	2.51	10.6	0.55	1.20	4.5	16.34	1.62
24	NR	Hartford Steam Boiler	366.7	36⅜	6¼	31½	3.37	9.3	1.45	1.40	4.4	10.65	2.96
710	596	Hartmarx	12.4	34¾	15⅝	24¼	1.98	12.2	0.39	1.10	4.5	18.26	1.33
95	11	Hasbro	182.4	30⅞	4⅝	15¼	0.99	15.4	0.60	0.12	0.8	11.52	1.32
316	360	Hawaiian Electric	83.3	35½	15⅝	28¾	2.43	11.8	0.71	2.04	7.1	23.07	1.25
407	NR	Healthco International	63.9[a]	23¾	10⅞	19½	1.85	10.5	0.34	none	0.0	17.27	1.13
513	552	Hechinger	47.4	27¼	9	16¾	1.19	14.1	0.69	0.06	0.4	8.87	1.89
175	119	HJ Heinz	128.9	51¾	16	43½	3.02	14.4	1.03	1.44	3.3	12.45	3.49
661	NR	Helene Curtis Inds	20.4	42½	12¾	37¼	2.98	12.5	0.32	0.60	1.6	22.56	1.65
NR	NR	Henley Group	NA	30¾	17¼	21¼	–2.19	def	0.71	none	0.0	20.10	1.06
NR	NR	Henley Manufacturing	NA	61	17½	55½	NA	NA	0.99	none	0.0	35.51	1.56
644	430	Hercules	22.4	73½	27¼	43¾	3.38	12.9	0.78	2.24	5.1	44.88	0.97
157	130	Hershey Foods	137.1	37¾	9½	25	2.31	10.8	1.04	0.70	2.8	9.23	2.71
732	563	Hewlett-Packard	8.3	73⅛	28¾	45⅞	3.36	13.7	1.16	0.34	0.7	19.52	2.35
988	NR	Highland Superstores	–73.0[a]	39¼	5½	7¼	0.38	19.1	0.16	none	0.0	7.02	1.03
173	181	Hillenbrand Inds	130.0	35¾	8½	28¾	1.86	15.5	1.29	0.40	1.4	8.27	3.48
NR	NR	Hills Dept Stores	NA	12⅝	5¼	7⅞	1.09	14.3	0.09	none	0.0	–0.30	NE
422	459	Hilton Hotels	61.4	54¾	22¾	46	3.16	14.6	2.46	1.00	2.2	15.79	2.91
NR	NR	Himont	NA	54¼	23	38½	5.07	7.6	1.56	1.40	3.6	16.59	2.32
946	871	Holiday	–48.7[c]	83⅞	11⅜	24⅜	4.63	5.3	0.40	none	0.0	–29.36	NE

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Sources: Forbes; William O'Neill & Co.

WHO'S WHERE IN THE STOCK MARKET

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
16	185	Holly Corp	425.9%	18⅞	3¼	18	$2.76	6.5	0.39	$0.06	0.3%	$5.58	3.23
61	292	Holly Farms	243.1	55¼	14⅜	52¾	3.39	15.6	0.56	1.32	2.5	21.34	2.47
433	265	Home Depot	60.0	30	7	28	1.00	19.3	0.75	0.12	0.4	6.49	4.31
328	409	Home Federal S&L	79.5	38⅜	11¾	25⅛	5.00	5.0	0.35	0.20	0.8	40.31	0.62
958	NR	Home Group	–54.6[a]	31½	10½	11⅛	2.45	4.5	0.13	0.20	1.8	26.36	0.42
NR	NR	Home Shopping	NA	47	3	4½	0.21	21.4	0.54	none	0.0	1.36	3.31
917	350	Homestead Financial	–37.5	20½	3½	4½	–0.46	def	0.11	0.25	5.6	12.73	0.35
443	504	HON Industries	58.6	23	7⅜	17¼	1.24	13.9	0.56	0.40	2.3	6.66	2.59
813	591	Honeywell	–7.5	90½	46⅜	60⅛	3.17	19.0	0.35	2.10	3.5	52.80	1.14
129	129	Geo A Hormel	150.0	29⅜	6⅛	19⅜	1.35	12.3	0.32	0.44	2.3	9.72	1.99
962	NR	Horn & Hardart	–56.5	21¼	5½	8⅛	–2.16	def	0.24	none	0.0	7.50	1.08
681	823	Hospital Corp	16.1	52¼	23⅜	45⅞	3.28	14.0	0.81	0.72	1.6	23.60	1.94
310	358	Household Intl	84.6	62½	24	56¼	6.39	8.9	0.46	2.14	3.8	28.23	2.01
535	513	Houston Industries	44.5	39⅛	17⅜	28	3.58	7.8	0.92	2.96	10.6	28.33	0.99
201	354	Hubbell	119.8	41⅞	14½	34¼	2.69	12.9	1.48	1.12	3.2	13.77	2.52
NR	NR	Hudson Foods	NA	21¼	4⅞	9⅞	0.30	32.9	0.24	0.12	1.2	5.61	1.76
750	NR	Hughes Supply	4.8	20¼	11½	17⅛	2.06	8.6	0.17	0.32	1.9	17.23	0.99
749	810	Humana	5.1	36¾	16⅛	23	2.30	10.0	0.65	0.92	4.0	10.36	2.22
231	199	Huntington Bcshs	105.8	25	7¾	18¼	1.87	9.7	0.81	0.74	4.1	13.62	1.34
NR	NR	IBP	NA	20¼	10¾	13¼	1.19	11.1	0.07	0.60	4.5	9.66	1.37
116	71	IC Industries	160.7	41¼	10½	31⅛	2.54	12.3	0.90	0.96	3.1	14.67	2.12
727	345	ICH	8.9	32⅜	4⅛	5⅛	–0.09	def	0.09	none	0.0	11.89	0.43
1006	928	Ideal Basic Inds	–92.9	26	1⅛	1⅜	–0.04	def	1.26	none	0.0	0.11	14.77
429	NR	IE Industries	60.5	27¾	14¼	23⅞	2.54	9.4	0.79	2.04	8.5	18.63	1.28
799	701	Illinois Power	–4.4	32	16½	19⅛	2.19	8.7	1.04	2.64	13.8	26.86	0.71
153	79	Illinois Tool Works	138.9	49½	10⅝	32⅝	2.51	13.0	0.90	0.48	1.5	11.75	2.78
NR	NR	IMC Fertilizer Group	NA	43¼	22½	37¾	4.31	8.8	0.88	0.87	2.3	22.38	1.69
688	824	Imperial Corp of Am	15.4	19	5⅛	10⅛	2.78	3.6	0.13	0.60	5.9	18.57	0.55
269	581	Inco	94.9	35⅛	8⅜	28½	5.30	5.4	1.05	0.80	2.8	11.31	2.52
607	NR	Independent Insurance	30.6	41½	19¼	32	3.26	9.8	0.44	1.52	4.8	42.37	0.76
127	NR	Indiana National	151.7	35⅜	9⅞	26	2.67	9.7	0.87	1.08	4.2	20.36	1.28
491	324	Ingersoll-Rand	51.6	45¼	14¼	31¾	2.73	11.6	0.56	1.04	3.3	21.92	1.45
NR	NR	Ingles Markets	NA	13⅜	6⅜	9	0.71	12.7	0.21	0.22	2.4	5.74	1.57
640	757	Inland Steel Inds	22.6	40½	14½	38	6.32	6.0	0.32	1.00	2.6	35.76	1.06
947	868	Inspiration Resource	–50.0	12¼	3¾	5⅜	0.55	10.2	0.27	none	0.0	5.84	0.96
943	769	Integrated Resources	–47.6	40¼	11⅞	13⅜	2.04	6.7	0.07	none	0.0	30.17	0.45
860	372	Intel	–18.8	41⅞	10⅞	22¼	2.47	9.2	1.41	none	0.0	7.76	2.93
283	689	Interco	90.6	73⅜	27½	63⅜	3.71	17.1	0.77	1.72	2.7	32.37	1.96
726	435	Intergraph	9.1	40½	15¼	21	1.55	13.5	1.52	none	0.0	10.06	2.09
319	258	Interlake	82.1[c]	55	20½	39½	4.57	8.6	0.48	1.50	3.8	25.56	1.55
451	190	Intermark	57.6	16½	6⅜	13	1.54	8.4	0.11	0.12	0.9	10.50	1.24
805	638	IBM	–5.3	175⅞	99	115½	8.77	13.2	1.21	4.40	3.8	64.09	1.80
386	489	Intl Flavors & Frags	68.3	58	22⅞	45⅞	3.34	13.7	2.07	1.92	4.2	17.47	2.63
806	682	Intl Minerals & Chem	–5.5	53	25	41	3.48	11.8	0.86	1.00	2.4	33.56	1.22
527	605	Intl Multifoods	45.8	39¾	15⅜	30⅝	2.41	12.7	0.25	1.18	3.9	24.02	1.27
529	501	International Paper	45.3	57⅞	22⅛	42⅞	5.90	7.3	0.53	1.30	3.0	36.17	1.19
112	183	Interpublic Group	163.5	43½	12¼	34¼	2.54	13.5	0.72	0.80	2.3	12.67	2.70
NR	NR	InterTAN	NA	36⅛	10	35⅜	2.55	13.9	0.54	none	0.0	18.45	1.92
438	452	Iowa-Illinois G&E	59.7	47	21½	39⅛	4.06	9.6	1.08	3.18	8.1	30.32	1.29
624	533	Iowa Resources	27.0	27½	12½	18¼	1.52	12.0	1.19	1.66	9.1	16.00	1.14
417	398	Ipalco Enterprises	61.8	29½	13	22¾	2.55	8.9	1.42	1.64	7.2	17.06	1.33
91	192	Irving Bank	186.0	78½	23⅛	75⅝	3.28	23.1	0.60	2.42	3.2	40.74	1.86
62	NR	Itel	242.5	26⅞	2¾	17⅛	0.71	24.1	0.30	none	0.0	11.81	1.45
737	494	ITT	7.3	66⅜	21¾	48	7.45	6.4	0.31	1.48	3.1	54.04	0.89
182	NR	Jacobs Engineering	127.3	23½	4⅜	19⅜	1.35	14.4	NA	none	0.0	6.58	2.94
725	602	James River Corp Va	9.2	43¾	15¾	25¾	2.44	10.6	0.39	0.48	1.9	24.56	1.05
760	515	Jamesway	3.0	16¼	5⅞	8½	0.67	12.1	0.15	0.08	0.9	8.58	0.99
303	226	Jefferson-Pilot	86.3	42½	15⅞	31¼	2.23	14.0	1.01	1.28	4.1	31.60	0.99
35	56	Jefferson Smurfit	311.8	39¼	3¼	26	3.55	7.3	0.82	0.16	0.6	5.64	4.61
NR	NR	Jepson	NA	13¾	5	7⅛	0.67	10.6	0.24	none	0.0	3.48	2.05
703	746	Jerrico	13.6	26⅜	8⅞	15⅛	0.92	16.4	0.45	0.16	1.1	11.48	1.32
254	471	Johnson & Johnson	97.9	105⅜	28	80⅞	5.56	14.5	1.57	2.00	2.5	20.25	3.99

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589	498	Johnson Controls	34.9%	40	18¾	32⅝	$2.83	11.5	0.39	$1.16	3.6%	$20.88	1.56
812	779	Earle M Jorgensen	–6.8	30½	17¾	27¼	1.51	18.0	0.38	1.00	3.7	22.67	1.20
300	252	Jostens	86.7	25	7¾	17½	2.38	7.4	1.11	0.64	3.7	4.92	3.56
129	NR	JWP	150.0	33	6⅜	22½	2.08	10.8	0.35	none	0.0	9.37	2.40
484	320	K mart	52.8	48⅜	17⅞	33⅞	3.62	9.4	0.26	1.32	3.9	22.08	1.53
532	182	Kaman	45.1	21⅜	7¾	13¾	1.51	9.1	0.32	0.44	3.2	8.97	1.53
398	547	Kansas City P&L	66.0	32¼	14¼	31⅛	3.44	9.0	1.31	2.44	7.8	25.33	1.23
908	751	Kansas City Southern	–34.6	79¼	32½	37⅜	1.73	21.7	0.76	1.08	2.9	29.27	1.29
667	696	Kansas Gas & Elec	19.6	25⅝	9⅜	20⅝	2.02	10.2	1.38	1.60	7.8	19.21	1.07
461	302	Kansas Power & Light	55.8	32½	13⅞	23⅜	2.45	9.5	0.67	1.72	7.4	16.94	1.38
439	279	Kaufman & Broad	59.4	19¼	4¾	10⅝	1.62	6.6	0.16	0.32	3.0	11.22	0.95
47	40	Kellogg	261.4	68¾	13½	58½	3.75	15.6	1.71	1.52	2.6	9.82	5.96
115	158	Kellwood	161.2	41	7¼	24⅜	2.68	9.1	0.39	0.72	3.0	14.44	1.69
96	33	Kelly Services	182.3	49⅜	10⅛	33½	2.47	13.6	0.64	0.64	1.9	7.68	4.36
350	357	Kemper	74.9	38¾	9¾	23¼	3.41	6.8	0.36	0.72	3.1	26.38	0.88
811	NR	Kennametal	–6.3	40¼	17½	29½	2.47	11.9	0.69	1.08	3.7	18.07	1.63
377	NR	Kentucky Central Life	69.6	21¼	5⅞	11⅞	1.94	6.1	0.30	0.80	6.7	19.46	0.61
408	399	Kentucky Utilities	63.7	24⅛	10¼	18⅜	1.96	9.5	1.27	1.34	7.2	12.32	1.51
949	817	Kerr Glass Mfg	–50.4	18½	8	8½	–0.59	def	0.11	0.44	5.2	10.49	0.81
687	678	Kerr-McGee	15.5	46⅞	23½	35⅜	1.89	18.7	0.63	1.10	3.1	28.25	1.25
419	83	KeyCorp	61.7	31	11	20¾	2.39	8.7	0.60	1.20	5.8	19.58	1.06
543	53	Kimball International	43.5	26	9⅞	15¼	1.53	10.0	0.61	0.52	3.4	10.60	1.44
152	116	Kimberly-Clark	139.1	65¾	19¾	55	4.52	12.2	0.84	1.60	2.9	19.61	2.80
902	NR	Kinder-Care	–32.5	19⅛	6⅞	6⅞	0.62	11.1	0.49	0.08	1.2	6.15	1.12
759	NR	KN Energy	3.1[a]	24¼	11½	16⅜	2.32	7.2	0.45	1.00	6.0	14.55	1.14
391	458	Knight-Ridder	67.5	61¼	21¼	44⅛	2.80	15.8	1.22	1.12	2.5	15.85	2.80
28	264	Kraft	359.3[c]	103⅞	21⅝	102	8.94	11.4	1.20	2.04	2.0	14.47	7.05
NR	607	Kroger	NA	11	7¼	8½	2.39	3.6	0.04	none	0.0	12.84	0.66
581	NR	La-Z-Boy Chair	37.3	24	7½	15⅞	1.46	10.9	0.56	0.48	3.0	9.92	1.60
301	247	Laclede Gas	86.4	40½	15⅜	29¼	3.14	9.3	0.47	2.30	7.9	21.94	1.33
505	759	Lafarge	48.9	20¾	6¾	17⅛	1.89	9.1	0.58	0.40	2.3	11.64	1.47
569	NR	Lancaster Colony	39.4	23⅛	10	18¼	1.66	11.0	0.50	0.72	3.9	10.80	1.69
326	138	Leggett & Platt	80.0	36⅞	10⅜	24	2.21	10.9	0.52	0.64	2.7	13.01	1.84
NR	NR	Leslie Fay Cos	NA	17¾	4¼	8¾	1.24	7.1	0.26	none	0.0	5.86	1.49
84	179	Eli Lilly	193.7	107¾	26½	85	5.05	16.8	2.98	2.30	2.7	21.78	3.90
81	14	Limited	200.0	52⅞	5⅛	24½	1.04	23.6	1.18	0.24	1.0	4.08	6.00
693	NR	Lincoln Electric	15.0	240	170	230	31.94	7.2	0.49	6.40	2.8	194.75	1.18
550	337	Lincoln National	42.5	62¾	29	46½	2.57	18.1	0.28	2.48	5.3	47.01	0.99
782	483	Litton Industries	–2.3	108¼	56¼	69	6.33	10.9	0.36	none	0.0	45.83	1.51
46	8	Liz Claiborne	264.7	39⅛	3⅛	15½	1.22	12.7	1.19	0.18	1.2	4.10	3.78
778	465	Lockheed	–1.6	61½	28¼	39⅜	10.69	3.7	0.22	1.60	4.1	33.31	1.18
465	NR	Loctite	55.4	39	13½	32¼	2.50	12.9	1.35	0.88	2.7	11.44	2.82
82	50	Loews	199.1	96¼	23½	74⅜	12.22	6.1	0.56	1.00	1.3	42.56	1.75
868	NR	Lomas Financial	–20.2	39¼	12⅝	13½	–1.79	def	0.32	1.40	10.4	13.49	1.00
741	841	Lone Star Industries	6.7	41¾	15	30	1.67	18.0	1.03	1.90	6.3	35.86	0.84
483	NR	Lone Star Tech	52.9[a]	24⅛	6⅛	13	–0.04	def	0.42	none	0.0	14.53	0.89
489	891	Long Island Lighting	51.8	14⅝	3¾	15¾	2.33	6.8	0.82	none	0.0	29.58	0.53
564	410	Longs Drug Stores	40.4	41	17	34⅛	2.56	12.9	0.37	0.88	2.6	14.59	2.34
150	274	Longview Fibre	140.0	77½	20¼	63	8.35	7.5	1.11	1.80	2.9	25.31	2.49
567	529	Loral	39.9	49¼	18½	34⅝	3.29	10.5	0.57	0.72	2.1	17.31	2.00
NR	NR	Lorimar Telepictures	NA	32⅜	6⅝	10¾	–6.19	def	0.83	none	0.0	6.44	1.67
690	707	Louisiana Land	15.2	43⅛	22¼	31¼	–2.06	def	1.28	1.00	3.2	18.84	1.66
676	685	Louisiana-Pacific	17.5	39¾	15½	26½	3.53	7.5	0.56	0.92	3.5	27.24	0.97
526	473	Louisville G&E	46.0	44⅜	22⅝	34½	3.63	9.5	1.09	2.72	7.9	26.93	1.28
794	760	Lowe's Cos	–3.9	41½	15¼	21½	1.52	14.1	0.33	0.48	2.2	14.80	1.45
1001	915	LTV	–85.7	19⅞	1⅛	2⅜	–8.70	def	0.04	none	0.0	–16.97	NE
447	546	Lubrizol	58.3	42⅜	18¼	34⅜	1.80	19.2	1.22	1.36	3.9	15.96	2.17
117	69	Lukens	158.8	39⅛	6¾	24⅜	3.56	6.8	0.36	0.80	3.3	17.85	1.37
821	NR	LVI Group	–8.7	8⅝	1¾	2⅜	–0.20	def	0.11	none	0.0	1.99	1.32
959	901	M/A-Com	–54.7	23½	7⅛	9	0.65	13.8	0.58	0.24	2.7	8.55	1.05
933	855	Mack Trucks	–44.1	22⅜	9⅛	11⅞	0.17	69.9	0.17	none	0.0	16.34	0.73
NR	NR	Magma Copper	NA	14⅛	3⅝	6	–0.27	def	0.44	none	0.0	6.78	0.89

Note: Except as indicated, price changes are from Dec. 31, 1983 to Nov. 16, 1988. NR: Not ranked due to merger, spinoff, reorganization, new issue or conversion to stock company. Range is for period since such change. a: Three-year price change. b: Four-year price change. c: Price change does not reflect the value of shares received in a spinoff. d: Does not include stock dividends given in another company as part of the dividend. NA: Not available. NM: Not meaningful. NE: Negative equity. def: Deficit.

Sources: Forbes; William O'Neill & Co.

WHO'S WHERE IN THE STOCK MARKET

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
NR	NR	MAI Basic Four	NA	21⅛	8¾	11	$1.62	6.8	0.39	none	0.0%	$5.34	2.06
396	326	Manor Care	66.1%	25½	7	13¾	–0.10	def	0.96	$0.13	0.9	4.78	2.88
890	838	Manufacturers Hanover	–26.6	57¾	18¾	27⅞	11.54	2.4	0.17	3.28	11.8	42.01	0.66
146	114	Manufacturers Natl	142.2	53½	14⅜	44½	3.06	14.5	0.76	1.84	4.1	33.25	1.34
1002	909	Manville	–86.4	13⅜	1½	1½	5.36	0.3	0.02	none	0.0	38.86	0.04
223	381	Mapco	109.2	66⅝	21	51	4.99	10.2	0.56	1.00	2.0	25.73	1.98
40	6	Marion Laboratories	292.2	41½	3½	19	1.05	18.1	3.63	0.36	1.9	2.55	7.45
22	NR	Mark IV Industries	371.4	19½	1¾	10⅛	2.01	5.0	0.25	none	0.0	8.56	1.18
224	159	Marriott	108.8	43¾	11¾	29¾	1.87	15.9	0.49	0.20	0.7	6.82	4.36
186	160	Marsh & McLennan Cos	126.1	76¼	17⅞	56¼	4.09	13.8	1.81	2.50	4.4	10.72	5.25
259	642	Marsh Supermarkets	97.1	16¾	5⅜	15	0.98	15.4	0.13	0.32	2.1	7.31	2.05
335	212	Marshall & Ilsley	78.2	38¾	13⅛	29¼	3.50	8.4	0.94	0.96	3.3	21.63	1.35
795	NR	Marshall Industries	–3.9	25	7⅞	15¼	2.27	6.7	0.30	none	0.0	12.29	1.24
353	289	Martin Marietta	74.7	56½	20⅛	41⅜	6.69	6.2	0.40	1.10	2.6	17.16	2.43
520	401	Masco	46.7c	40⅞	11⅜	24⅜	1.97	12.6	1.44	0.48	1.9	10.34	2.39
27	20	Masco Industries	359.4b	18¾	1½	10⅝	0.58	18.3	0.58	none	0.0	4.38	2.43
288	890	Mattel	90.0	17⅛	4⅞	9½	–1.87	def	0.48	none	0.0	2.19	4.34
1003	782	Maxicare Health	–87.5	28½	½	1	–9.41	def	0.02	none	0.0	–0.87	NE
NR	NR	Maxus Energy	NA	16	6	6⅞	–1.84	def	1.03	none	0.0	4.03	1.71
275	338	May Dept Stores	93.3	50⅞	15¼	34⅝	3.26	10.6	0.49	1.28	3.7	18.26	1.90
3	3	Mayfair Super Markets	1115.3	26¼	⅞	19¼	1.53	12.6	0.26	none	0.0	3.86	4.99
459	237	Maytag	56.1	32⅜	9⅛	20	1.79	11.2	0.82	0.90	4.5	5.43	3.68
472	493	MCA	54.9	64½	22⅞	43⅞	1.52	28.9	1.17	0.68	1.5	21.42	2.05
358	614	McCormick & Co	73.6	29	14½	26¼	1.47	17.9	0.53	0.56	2.1	12.02	2.18
921	802	McDermott Intl	–38.2	33⅛	13	15⅜	–0.76	def	0.25	1.00	6.5	19.95	0.77
208	174	McDonald's	116.0	61⅛	18⅛	45⅛	3.31	13.6	1.59	0.56	1.2	15.44	2.92
616	559	McDonnell Douglas	28.3	91⅛	47⅜	76	7.66	9.9	0.21	2.56	3.4	76.71	0.99
579	534	McGraw-Hill	37.6	84½	34	58⅛	3.71	15.7	1.55	1.84	3.2	17.11	3.40
531	879	MCI Communications	45.2	24	5⅛	20⅛	0.91	22.9	1.06	none	0.0	4.73	4.41
418	577	McKesson	61.8	40⅛	16¼	32¼	2.23	14.5	0.19	1.44	4.5	16.65	1.94
1013	929	MCorp	–97.2	29¼	¼	11/16	–14.24	def	0.02	none	0.0	16.53	0.05
990	874	MDC Holdings	–74.0	22½	2⅞	3⅛	–2.96	def	0.08	none	0.0	12.17	0.26
227	92	Mead	107.7	49½	13⅜	40¼	5.24	7.7	0.57	0.76	1.9	19.85	2.03
597	NR	Medco Containment	33.2b	18¾	5¾	12¼	0.52	23.6	1.03	0.04	0.3	5.32	2.30
132	101	Media General	149.3	50½	13	35⅜	1.74	20.3	1.35	0.40	1.1	12.34	2.87
305	NR	Medtronic	85.8	108½	24½	77⅛	6.78	11.1	1.44	1.20	1.6	29.72	2.60
951	783	Mellon Bank	–50.5	72½	22¾	25¼	–13.55	def	0.23	1.40	5.5	32.06	0.79
249	497	Melville	99.6	84	30¾	69⅝	5.72	12.2	0.58	2.10	3.0	26.83	2.60
557	560	Mercantile Bancorp	41.6	37⅛	15¾	25¼	0.73	34.6	0.60	1.40	5.5	26.41	0.96
302	299	Mercantile Stores	86.4	53⅜	16⅛	41	3.56	11.5	0.69	0.80	2.0	23.68	1.73
52	42	Merck	256.0	74⅛	13	53⅝	2.86	18.7	3.64	1.48	2.8	5.37	9.99
574	371	Meredith	38.6	43¼	19½	30½	1.89	16.1	0.80	0.64	2.1	18.90	1.61
281	382	Meridian Bancorp	91.3	27⅝	9½	20¼	1.88	10.8	0.71	1.10	5.4	15.61	1.30
973	887	Meritor Financial	–62.2	13⅛	3⅞	4¼	–3.62	def	0.09	none	0.0	16.23	0.26
858	829	Merrill Lynch	–18.4	46¾	19½	26⅛	1.73	15.1	0.27	1.00	3.8	29.61	0.88
NR	NR	Fred Meyer	NA	17⅞	9½	15¼	1.42	10.7	0.17	none	0.0	9.88	1.54
NR	NR	MGM/UA Commun	NA	19	5¾	12	–0.97	def	0.89	none	0.0	5.33	2.25
NR	NR	Michigan Consolidated	NA	40	36¼	36½	4.40	8.3	0.31	3.15	8.6	23.72	1.54
94	143	Michigan National	183.6	52¼	10¾	47½	5.91	8.0	0.70	2.00	4.2	34.34	1.38
NR	NR	Microsoft	NA	79¼	10½	46¼	2.49	18.6	3.72	none	0.0	7.00	6.61
684	873	Middle South Utils	15.9	16¼	7¾	15½	1.60	9.7	0.91	0.80	5.2	22.13	0.70
437	175	Midlantic	59.8	52⅛	21¼	37¾	5.28	7.1	0.82	1.64	4.3	30.66	1.23
508	522	Midwest Energy	48.1	26	11	19¼	1.94	9.9	0.73	1.56	8.1	12.11	1.59
728	288	Herman Miller	8.8	31	13¾	19½	1.80	10.8	0.64	0.52	2.7	10.16	1.92
149	NR	Millipore	140.4	46½	12⅞	34¼	1.92	17.8	1.58	0.36	1.1	11.86	2.89
540	412	Minn Mining & Mfg	43.9	83½	34⅝	59⅜	4.83	12.3	1.30	2.12	3.6	22.24	2.67
323	NR	Minnesota Power & Lt	81.0	35¼	11⅞	23¾	2.08	11.4	1.53	1.72	7.2	16.51	1.44
961	869	Mitchell Energy	–56.4	25½	8¼	10¼	0.04	256.3	0.83	0.24	2.3	12.00	0.85
NR	NR	MMR Holding	NA	22½	13	17⅛	1.67	10.3	0.16	none	0.0	6.40	2.68
109	124	MNC Financial	167.4	50⅞	14¾	46⅛	5.70	8.1	0.70	1.90	4.1	32.43	1.42
522	540	Mobil	46.5	55	23⅛	42⅛	5.13	8.2	0.34	2.40	5.7	40.80	1.03
730	NR	Molex	8.7	56½	21	34¼	2.46	13.9	1.64	0.03	0.1	13.49	2.54

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Sources: Forbes; William O'Neill & Co.

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
614	388	Monarch Capital	28.5%	91¼	28⅞	45⅛	$3.39	13.3	0.36	none	0.0%	$51.69	0.87
549	336	Monsanto	42.8	100¼	40⅝	75⅛	8.19	9.2	0.65	$3.00	4.0	52.65	1.43
672	641	Montana Power	18.3	43⅜	16⅝	34¼	2.99	11.6	1.15	2.68	7.7	31.75	1.09
412	594	Moore Corp	62.3	27⅝	11⅝	23	1.82	12.6	0.85	0.80	3.5	12.69	1.81
220	281	JP Morgan & Co	110.0	53⅝	14½	35⅛	5.23	6.8	0.87	1.50	4.2	26.57	1.33
769	NR	Morgan Products Ltd	1.6[a]	30¾	10½	15½	1.34	11.6	0.30	none	0.0	9.62	1.61
NR	NR	Morgan Stanley	NA	85⅞	38¼	75⅜	12.27	6.1	0.51	1.00	1.3	40.44	1.86
446	555	Morrison	58.3	24⅛	9½	20½	1.57	13.0	0.52	0.60	2.9	9.32	2.20
606	572	Morrison-Knudsen	30.7	55⅜	25⅞	36¼	–9.27	def	0.20	1.48	4.0	32.84	1.12
509	225	Morton Thiokol	48.0	54¾	20	37⅞	3.34	11.3	0.74	0.92	2.4	22.38	1.69
869	530	Motorola	–20.5	74	29⅛	36⅛	3.27	11.0	0.59	0.76	2.1	23.27	1.55
162	NR	Multimedia	135.7[a]	76	18⅞	71	1.55	45.8	1.80	none	0.0	–51.52	NE
831	480	Munford	–11.5	37⅞	12¾	16⅝	–0.19	def	0.16	none	0.0	12.53	1.33
773	695	Murphy Oil	0.4	42¾	20⅜	29⅝	–1.44	def	0.69	1.00	3.4	22.15	1.34
363	167	Nacco Industries	72.5	40¾	14	28¼	4.65	6.1	0.43	0.56	2.0	23.27	1.21
746	705	Nalco Chemical	6.0	45½	21	32⅞	2.54	12.9	1.34	1.32	4.0	11.41	2.88
72	97	Nash Finch	218.2	27½	6⅞	26¼	1.95	13.5	0.14	0.64	2.4	12.97	2.02
99	15	Nashua	178.6	42	10	35	3.23	10.8	0.34	0.48	1.4	21.89	1.60
197	107	National City	122.0	38¼	11½	30½	2.97	10.3	0.87	1.44	4.7	19.64	1.55
952	729	Natl Convenience	–51.6	18½	6	8⅛	0.01	812.5	0.17	0.36	4.4	3.32	2.45
209	150	National Fuel Gas	115.4	24	8⅛	17¾	1.65	10.8	0.60	1.26	7.1	15.21	1.17
964	848	National Intergroup	–57.1	37⅜	10¼	15	–3.64	def	0.11	none	0.0	32.14	0.47
815	776	National Medical	–8.2	32⅞	16⅛	21⅛	2.02	10.5	0.48	0.68	3.2	13.11	1.61
942	426	Natl Semiconductor	–47.2	22¼	8¼	8¼	0.07	117.9	0.34	none	0.0	8.74	0.94
421	280	National Service	61.6	28⅝	10½	20⅞	1.75	11.9	0.73	0.76	3.6	10.31	2.02
904	819	National-Standard	–32.8	18	5⅛	11	1.29	8.5	0.17	none	0.0	17.32	0.64
743	NR	National Western Life	6.6	23	6¾	12⅛	1.83	6.6	0.11	none	0.0	25.86	0.47
966	724	Navistar Intl	–57.6	13⅝	3⅛	4⅞	0.74	6.6	0.31	none	0.0	2.46	1.98
161	117	NBD Bancorp	136.0	40⅛	13⅛	35½	4.60	7.7	0.78	1.48	4.2	28.29	1.25
168	NR	NCH Corp	132.6	46	16½	41⅞	3.55	11.8	0.73	0.72	1.7	20.00	2.09
289	297	NCNB	89.9	29¼	11½	26	2.38	10.9	0.80	1.00	3.8	17.87	1.46
414	102	NCR	62.1	87¼	20⅝	51⅞	5.26	9.9	0.71	1.24	2.4	25.73	2.02
NR	NR	Neiman Marcus Group	NA	45½	11¾	15	–0.22	def	0.40	0.20	1.3	7.99	1.88
628	519	New England Electric	26.3	35⅛	14⅜	24⅝	–0.57	def	0.94	2.04	8.3	21.41	1.15
700	659	NY State E&G	13.7	38½	14¾	22⅞	1.76	13.0	0.99	2.00	8.7	19.85	1.15
309	104	New York Times	84.8	49⅝	10⅞	25⅞	1.96	13.2	1.22	0.48	1.9	10.04	2.58
50	NR	Newell Co	259.3	29⅝	6⅝	27⅝	1.88	14.7	0.32	0.60	2.2	11.68	2.37
577	663	Newmont Mining	37.9[e]	102¼	15½	35	1.82	19.2	4.85	0.60	1.7	–6.81	NE
857	778	Niagara Mohawk Power	–18.3	25½	11⅛	12⅞	0.99	13.0	0.61	1.20	9.3	13.82	0.93
682	772	Nicor	16.0	33⅞	19	30¾	3.40	9.0	0.62	1.88	6.1	18.69	1.65
200	826	NIKE	119.8	34⅜	6⅝	31⅞	3.57	8.9	0.79	0.60	1.9	11.09	2.87
814	837	Nipsco Industries	–7.7	15⅛	8	13½	1.03	13.1	0.66	0.60	4.4	13.13	1.03
979	906	NL Industries	–63.5	17	3⅜	5¾	–0.05	def	0.23	0.20	3.5	–22.19	NE
401	NR	Noland	65.8	27¼	11½	21	1.77	11.9	0.17	0.44	2.1	24.37	0.86
76	66	Nordstrom	207.7	40¾	6¾	27½	1.33	20.7	1.03	0.22	0.8	6.55	4.20
576	616	Norfolk Southern	38.4	38¼	16⅛	29⅛	3.43	8.5	1.23	1.32	4.5	26.48	1.10
891	721	Nortek	–26.8	19¼	5	9⅛	–0.03	def	0.10	0.10	1.1	14.63	0.62
861	NR	Northeast Savings FA	–19.0	28	6¼	8	–2.83	def	0.06	0.60	7.5	33.17	0.24
379	391	Northeast Utilities	69.4	28¼	10⅜	20¾	1.89	11.0	1.02	1.76	8.5	16.53	1.26
369	284	No States Power	71.7	40⅛	16⅞	32⅝	3.23	10.1	1.05	2.12	6.5	21.89	1.49
863	NR	Northern Telecom	–19.2	24¼	12⅝	15¾	1.36	11.6	0.73	0.28	1.8	9.84	1.60
196	168	Northern Trust	122.5	51	18¾	44½	1.54	28.9	0.71	1.24	2.8	24.20	1.84
699	661	Northrop	13.9	56⅝	23¾	32¾	4.79	6.8	0.26	1.20	3.7	20.23	1.62
337	394	No'western Natl Life	77.7	36½	17⅜	30⅞	2.90	10.6	0.25	1.12	3.6	35.05	0.88
642	636	Norton	22.5	64	30¾	45⅝	3.99	11.4	0.67	2.00	4.4	25.00	1.82
554	554	Norwest	42.2	35¼	14⅜	31⅞	4.30	7.4	0.59	1.33	4.2	22.18	1.44
264	NR	Noxell	96.0	33¾	7⅞	18½	1.22	15.2	1.46	0.46	2.5	5.26	3.52
504	451	Nucor	49.1	49½	17⅜	42½	3.12	13.6	0.88	0.40	0.9	20.19	2.10
658	803	NWA	20.7	76	30⅝	54	3.47	15.6	0.29	0.90	1.7	52.32	1.03
214	255	Nynex	113.0	78⅜	29⅜	65½	6.48	10.1	1.04	4.04	6.2	45.65	1.43
761	617	Occidental Petroleum	3.0	39⅝	22¼	25⅜	1.37	18.7	0.37	2.50	9.8	23.96	1.07
329	367	Ogden	79.2	44⅝	12⅛	27	1.55	17.4	1.10	1.10	4.1	10.40	2.60

Note: Except as indicated, price changes are from Dec. 31, 1983 to Nov. 16, 1988. NR: Not ranked due to merger, spinoff, reorganization, new issue or conversion to stock company. Range is for period since such change. a: Three-year price change. b: Four-year price change. c: Price change does not reflect the value of shares received in a spinoff. d: Does not include stock dividends given in another company as part of the dividend. e: Does not reflect special cash dividend paid. NA: Not available. NM: Not meaningful. NE: Negative equity. def: Deficit.

Sources: Forbes, William O'Neill & Co.

WHO'S WHERE IN THE STOCK MARKET

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
510	455	Ogilvy Group	47.8%	45¼	15	25¼	$2.18	11.6	0.45	$0.88	3.5%	$12.71	1.99
488	373	Ohio Casualty	52.3	49¼	17½	34¾	3.32	10.5	0.48	1.88	5.4	27.86	1.25
499	551	Ohio Edison	50.0	23¼	9⅜	18⅜	1.88	9.8	1.38	1.96	10.7	17.39	1.06
565	NR	Ohio Mattress	40.3	16¼	7¼	13	0.92	14.1	0.66	0.40	3.1	7.21	1.80
481	490	Oklahoma G&E	53.6	38¾	19⅛	32¼	3.42	9.4	1.25	2.28	7.1	20.11	1.60
206	NR	Old Kent Financial	117.7	26⅞	14⅜	22¼	3.11	7.2	0.75	0.92	4.1	17.64	1.26
766	548	Old Republic Intl	1.8	36⅜	18	24½	4.37	5.6	0.40	0.74	3.0	30.13	0.81
502	504	Olin	49.6	60	25⅛	46	4.36	10.6	0.46	1.80	3.9	31.81	1.45
25	NR	Olsten	362.5	30½	4⅛	21¾	1.32	16.5	0.54	0.20	0.9	5.00	4.35
NR	NR	Omnicom Group	NA	28¾	15⅜	19⅞	1.56	12.7	0.57	0.98	4.9	8.11	2.45
924	740	Oneok	–40.6	44	9⅜	18⅛	1.51	12.0	0.44	none	0.0	22.44	0.81
541	464	Orange & Rockland	43.7	40	19¼	30	3.25	9.2	0.80	2.26	7.5	22.45	1.34
941	762	Orion Capital	–46.8	40¼	11	14¾	2.94	5.0	0.16	0.76	5.2	17.50	0.84
772	NR	Orion Pictures	0.9	19½	5½	13⅜	0.57	23.9	0.53	none	0.0	8.53	1.60
928	NR	Oshkosh Truck	–41.0[a]	33	11½	11½	1.73	6.6	0.29	0.40	3.5	11.45	1.00
674	630	Outboard Marine	17.6	38½	16¼	29¼	3.74	7.8	0.35	0.80	2.7	26.67	1.10
228	NR	Owens & Minor	106.6	15¼	5	14	0.99	14.1	0.17	0.26	1.9	8.51	1.65
NR	NR	Owens-Corning	NA	32⅜	8⅞	21¼	4.27	5.0	0.30	none	0.0	–20.23	NE
935	715	Oxford Industries	–44.6	20⅜	9⅛	10	–0.88	def	0.17	0.50	5.0	10.40	0.96
604	612	Paccar	30.7	42¼	19¼	37¾	4.59	8.2	0.46	1.00	2.6	22.34	1.69
901	NR	PACE Membership	–31.6[a]	21½	3⅞	10	0.43	23.3	0.12	none	0.0	7.53	1.33
755	386	Pacific Enterprises	3.8	61¼	30¾	37⅝	3.74	10.1	0.42	3.48	9.2	27.11	1.39
670	621	Pacific G&E	18.5	27⅞	12	17⅝	1.44	12.2	0.94	1.40	7.9	18.68	0.94
627	691	Pacific Resources	26.3	17⅜	5⅜	12½	0.78	16.0	0.24	0.20	1.6	10.05	1.24
215	316	Pacific Telesis	112.6	34½	13¼	29½	2.57	11.5	1.32	1.76	6.0	18.47	1.60
546	472	PacifiCorp	43.4	39	21	35⅛	3.94	8.9	1.10	2.64	7.5	26.04	1.35
936	880	PaineWebber Group	–44.6	39⅛	13⅛	15½	0.93	16.7	0.19	0.52	3.4	26.29	0.59
503	NR	Pall	49.3	35	13⅜	27⅜	1.55	17.8	2.39	0.40	1.4	8.65	3.19
986	705	Pan Am	–69.2	9½	2⅜	2½	–1.92	def	0.09	none	0.0	–1.75	NE
NR	NR	Panhandle Eastern	NA	34¾	18¼	24¾	–1.89	def	0.98	2.00	8.1	19.15	1.29
712	306	Parker-Hannifin	12.1	49	16⅞	26⅝	2.22	12.0	0.55	0.84	3.2	17.36	1.53
659	439	Penn Central	20.7	34¼	18⅜	22⅛	1.06	21.2	1.08	0.05	0.2	23.21	0.97
NR	NR	Penn Traffic	NA	15⅜	12¼	12⅞	1.42	9.1	0.10	none	0.0	3.29	3.91
325	340	JC Penney	80.1	66	22⅜	51	4.67	10.9	0.45	none	0.0	30.15	1.69
361	444	Pennsylvania P&L	73.3	43⅜	19½	35¾	3.73	9.6	1.21	2.76	7.7	26.28	1.36
272	586	Pennwalt	94.4	95½	31½	78¾	4.03	19.5	0.86	2.40	3.0	37.83	2.08
221	323	Pennzoil	109.9	95	30¾	71⅜	–5.56	def	1.31	3.00	4.2	7.67	9.31
456	355	Pentair	56.5	35¾	14½	30	3.79	7.9	0.36	0.67	2.2	18.95	1.58
NR	NR	People's Bank	NA	9⅝	7⅜	7¾	NA	NA	0.09	0.64	8.3	NA	NA
229	425	Peoples Energy	106.4	26¼	9⅛	20⅛	2.31	8.7	0.59	1.52	7.6	14.27	1.41
156	47	Pep Boys	137.5	18⅞	3⅞	11⅞	0.62	19.2	1.08	0.10	0.8	4.36	2.72
77	134	PepsiCo	205.9	43⅜	11½	39	2.74	14.2	0.83	0.84	2.2	9.63	4.05
646	798	Perini	22.1[b]	37½	20⅛	33⅞	4.39	7.7	0.12	0.80	2.4	35.56	0.95
895	800	Perkin-Elmer	–29.4	41⅛	17⅛	20¾	1.67	12.4	0.80	0.68	3.3	16.15	1.28
934	727	Perry Drug Stores	–44.2	20⅞	5¼	6	–3.08	def	0.09	none	0.0	7.17	0.84
713	440	Petrie Stores	12.1	40	13⅜	15⅜	0.83	18.2	0.61	0.20	1.3	11.51	1.36
485	518	Pfizer	52.8	77	29⅜	54⅜	4.68	11.7	1.70	2.00	3.7	23.60	2.31
343	583	Phelps Dodge	75.7	56	12⅞	44⅜	11.45	3.9	0.64	1.60	3.6	35.99	1.23
808	816	PHH Corp	–5.9	45	18	33⅞	1.31	25.7	0.34	1.12	3.3	18.82	1.80
587	676	Philadelphia Elec	35.7	26	9	19½	2.44	8.0	1.22	2.20	11.3	17.20	1.13
122	106	Philip Morris Cos	153.7	124½	31⅛	91	9.58	9.5	0.88	4.50	4.9	28.83	3.16
203	207	Philips Industries	118.8	23⅞	5¼	17½	1.57	11.1	0.60	0.52	3.0	7.60	2.30
378	720	Phillips Petroleum	69.6	22⅜	8¼	19½	2.29	8.5	0.42	0.72	3.7	7.05	2.77
600	206	Phillips-Van Heusen	31.9	26½	6½	11⅞	1.36	8.7	0.18	0.28	2.4	2.48	4.79
976	902	PHM Corp	–63.1	27	6⅛	9⅛	0.12	76.0	0.21	0.12	1.3	9.14	1.00
323	NR	Piedmont Natural Gas	81.0	26¼	11⅜	23¾	2.76	8.6	0.61	1.48	6.2	14.98	1.59
NR	NR	Pilgrim's Pride	NA	15⅜	3⅜	5¾	–0.34	def	0.26	0.06	1.0	3.00	1.92
75	173	Pillsbury	207.9	61¾	16½	56	0.82	68.3	0.77	1.20	2.1	15.67	3.57
864	674	Pinnacle West	–19.4	32¾	14½	15⅝	2.17	7.2	0.97	2.80	17.9	26.62	0.59
768	623	Pioneer Hi-Bred Intl	1.7	43¾	23¼	30½	1.94	15.7	1.11	1.04	3.4	17.11	1.78
133	105	Pitney Bowes	149.0	50¼	13⅜	40⅝	1.30	31.3	1.34	0.92	2.3	13.35	3.04
692	833	Pittston	15.2	18⅛	8½	16⅛	–3.00	def	0.40	none	0.0	10.33	1.56

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Sources: Forbes; William O'Neill & Co.

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
287	416	PNC Financial	90.1%	51	18⅛	40¾	$4.08	10.0	1.00	$1.88	4.6%	$24.74	1.65
230	406	Polaroid	106.0	44⅛	12⅛	34½	0.42	82.1	1.34	0.60	1.7	17.34	1.99
620	NR	Pope & Talbot	27.7	27¼	7½	17	2.54	6.7	0.42	0.50	2.9	11.47	1.48
397	517	Portland General	66.0	36¾	13	22	1.54	14.3	1.35	1.96	8.9	18.92	1.16
450	578	Potlatch	57.9	41⅞	12⅞	30	3.75	8.0	0.77	1.04	3.5	22.20	1.35
248	170	Potomac Electric	100.0	29⅜	9⅜	21⅞	2.12	10.3	1.54	1.38	6.3	12.60	1.74
219	161	PPG Industries	111.5	53½	12½	36⅞	4.17	8.8	0.74	1.36	3.7	18.43	2.00
19	NR	Precision Castparts	386.4	40½	5⅜	32¼	2.09	15.7	1.27	0.08	0.2	9.53	3.44
NR	NR	Premark Intl	NA	36¼	17½	28⅛	3.36	8.4	0.40	0.60	2.1	19.68	1.43
984	774	Premier Bancorp	–67.1	20½	3⅞	4⅞	–2.55	def	0.30	none	0.0	12.25	0.40
331	NR	Premier Industrial	79.0	33⅛	11¼	27¼	1.53	17.8	2.16	0.40	1.5	6.71	4.06
873	NR	Preston	–21.2	24	7⅞	16¾	0.00	NA	0.17	0.50	3.0	19.00	0.88
177	220	Price Co	128.6	55¾	11⅞	37	1.93	19.2	0.45	none	0.0	7.74	4.78
790	860	Prime Computer	–3.5	31	11¾	17	1.01	16.8	0.57	none	0.0	10.54	1.61
691	393	Primerica	15.2	53½	20⅛	27	4.43	6.1	0.33	1.60	5.9	25.00	1.08
570	539	Procter & Gamble	39.3	103½	45⅝	79¼	6.23	12.7	0.67	2.80	3.5	37.42	2.12
174	36	Progressive	129.3	38½	8⅞	24⅜	3.07	8.0	0.59	0.40	1.6	13.74	1.79
516	618	Provident Life & Acc	46.9	28¾	12	19¼	1.43	13.4	0.33	0.68	3.5	21.96	0.88
555	815	PS Group	42.0	38¼	15	30⅞	7.38	4.2	0.75	0.60	1.9	34.80	0.89
673	881	PSI Holdings	18.3	18⅜	6⅞	13¾	2.51	5.5	0.71	none	0.0	6.60	2.08
729	658	Public Service Colo	8.8	24¼	16	20⅛	2.60	7.7	0.62	2.00	9.9	16.35	1.23
969	917	Public Service NH	–59.8	12⅞	2¼	4⅝	–2.49	def	0.29	none	0.0	2.23	2.07
957	789	Public Service NM	–54.2	39¼	11⅝	11⅝	–0.37	def	0.61	1.52	13.1	25.68	0.45
427	457	Pub Svc Enterprise	60.7	32⅛	13½	24⅜	2.54	9.6	1.17	2.04	8.4	18.54	1.31
605	626	Puget Sound P&L	30.7	25¼	9¼	18⅝	2.15	8.7	1.31	1.76	9.4	15.50	1.20
65	35	Quaker Oats	238.1	61½	13⅜	49⅞	3.29	15.2	0.72	1.20	2.4	15.76	3.16
803	733	Quaker State	–5.0	31¾	12⅞	16⅝	0.48	34.6	0.54	0.80	4.8	12.15	1.37
59	222	Quantum Chemical	243.8	108¼	22¾	94⅛	12.47	7.5	0.77	3.00	3.2	35.03	2.69
671	365	Questar	18.5	46⅜	23	31¼	0.80	39.1	1.21	1.88	6.0	24.48	1.28
104	46	Ralston Purina	173.9	94	25	76	5.63	13.5	0.88	1.50	2.0	13.70	5.55
830	669	Ramada	–11.4	11	4	8¾	0.04	218.8	0.65	none	0.0	7.56	1.16
562	417	Raychem	40.9	54⅞	15⅞	36⅝	3.36	10.9	1.16	0.32	0.9	19.68	1.86
449	511	Raytheon	58.3	84⅞	34¾	68¼	7.11	9.6	0.56	2.00	2.9	27.31	2.50
139	NR	Reebok International	146.4[a]	25¼	2⅞	11½	1.44	8.0	0.72	0.30	2.6	5.20	2.21
NR	NR	Reliance Group	NA	11½	4½	4¾	0.74	6.4	0.10	0.32	6.7	4.13	1.15
348	442	Republic New York	75.2	57¾	21	42⅝	4.09	10.4	0.65	1.20	2.8	33.77	1.26
NR	NR	Rexene	NA	23¾	16	16⅞	NA	NA	0.74	0.60	3.6	0.00	NA
780	693	Reynolds & Reynolds	–1.9	41½	13	19⅜	1.68	11.7	0.62	0.76	3.9	17.38	1.13
123	68	Reynolds Metals	153.2	61¾	13	50	7.65	6.5	0.51	1.00	2.0	29.69	1.68
NR	NR	Richfood Holding	NA	10¼	7⅞	8¼	NA	NA	0.08	0.20	2.4	NA	NA
545	429	Riggs National	43.4	41½	13½	24⅜	1.56	15.6	0.67	1.10	4.5	22.18	1.10
458	259	Rite Aid	56.2	46¼	17½	34¾	2.40	14.5	0.53	0.74	2.1	13.81	2.52
57	191	RJR Nabisco	245.7[c]	89¾	21⅛	84	5.60	15.0	1.14	2.20	2.6	24.41	3.44
820	704	RLC	–8.6	12⅛	4⅜	10⅜	0.92	11.5	0.70	0.20	1.9	6.64	1.60
845	726	Roadway Services	–14.9	45¾	23¼	29¼	1.67	17.5	0.57	1.10	3.8	16.45	1.78
996	878	HH Robertson	–80.4	48½	9	9	–5.34	def	0.14	none	0.0	17.15	0.52
767	768	AH Robins	1.7	29⅝	5½	22½	–68.15	def	0.59	none	0.0	–64.73	NE
771	741	Rochester G&E	1.4	29⅞	12¼	17¾	1.58	11.2	0.72	1.50	8.5	16.99	1.04
448	NR	Rochester Telephone	58.3	52	27½	47⅞	3.59	13.3	1.12	2.72	5.7	28.54	1.68
696	380	Rockwell Intl	14.4	30⅞	11½	18⅞	3.04	6.2	0.42	0.72	3.8	12.00	1.57
435	217	Rohm & Haas	59.9	53¼	16	32⅜	3.37	9.6	0.87	1.12	3.5	15.78	2.05
558	178	Rohr Industries	41.3	39	12¼	25⅞	1.85	14.0	0.50	none	0.0	21.34	1.21
332	456	Rollins	78.9[b]	22⅜	6⅞	17	1.05	16.2	1.07	0.52	3.1	2.45	6.94
278	516	Rorer Group	92.1	48¼	16	38¾	1.81	21.4	1.22	0.80	2.1	12.86	3.01
866	80	Rose's Stores	–19.7	23	7	7⅝	0.55	13.9	0.11	0.16	2.1	9.49	0.80
944	NR	Ross Stores	–47.9[a]	20¼	3⅜	9⅜	0.73	12.8	0.39	none	0.0	4.16	2.25
147	108	Rubbermaid	141.5	35	8¼	23⅜	1.31	18.0	1.49	0.44	1.9	5.94	3.98
376	334	Ruddick	70.3	22⅞	10	21½	1.89	11.4	0.18	1.32	6.1	13.48	1.59
297	NR	Russell	88.3	20½	5⅜	16⅛	1.29	12.5	1.23	0.24	1.5	7.16	2.25
657	506	Ryder System	20.7	43	12¾	22¾	1.59	14.3	0.36	0.56	2.5	16.73	1.36
357	341	Rykoff-Sexton	73.8	32⅜	10⅛	28¼	1.95	14.5	0.23	0.68	2.4	17.40	1.62
593	652	Ryland Group	34.3	33	6⅜	17⅛	2.67	6.7	0.27	0.50	2.8	10.50	1.70

Note: Except as indicated, price changes are from Dec. 31, 1983 to Nov. 16, 1988. NR: Not ranked due to merger, spinoff, reorganization, new issue or conversion to stock company. Range is for period since such change. a: Three-year price change. b: Four-year price change. c: Price change does not reflect the value of shares received in a spinoff. d: Does not include stock dividends given in another company as part of the dividend. NA: Not available. NM: Not meaningful. NE: Negative equity. def: Deficit.

Sources: Forbes; William O'Neill & Co.

WHO'S WHERE IN THE STOCK MARKET

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
368	236	Safeco	71.9%	38	13½	23¾	$3.46	6.9	0.56	$1.08	4.5%	$21.39	1.11
584	468	St Paul Cos	36.4	60	19	41¼	6.77	6.1	0.55	2.00	4.8	36.96	1.12
888	830	Salomon	–25.9	59⅜	16⅝	23⅜	1.51	15.6	0.55	0.64	2.7	23.22	1.02
290	349	San Diego G&E	89.2	42½	17⅜	37⅛	3.22	11.5	1.00	2.60	7.0	22.25	1.67
NR	332	Santa Fe Southern	NA	27¾	14¼	17⅛	–0.56	def	0.72	0.10	0.6	33.39	0.51
68	86	Sara Lee	229.8	51½	12½	42⅞	2.94	14.6	0.44	1.44	3.4	14.73	2.91
296	240	Savannah Foods	88.5	37½	16½	37	2.04	18.1	0.28	0.96	2.6	17.93	2.06
1008	933	Savin	–95.0	9⅛	⅛	⅛	–0.02	def	0.04	none	0.0	–1.73	NE
347	397	Scana	75.4	42⅞	17¼	31⅛	2.87	10.8	1.18	2.40	7.7	21.63	1.44
404	370	SCEcorp	64.2	38¾	17⅛	32⅝	3.78	8.6	1.16	2.48	7.6	23.13	1.41
93	214	Schering-Plough	184.6	59⅜	16½	53	3.32	16.0	2.05	1.60	3.0	12.90	4.11
905	835	Schlumberger	–33.0	55	26	33½	2.46	13.6	1.86	1.20	3.6	14.09	2.38
49	NR	A Schulman	261.1	45	9⅛	37¾	3.09	12.2	0.56	0.48	1.3	13.97	2.70
17	NR	Schultz Sav-O Stores	403.7	17	2⅞	17	1.91	8.9	0.06	0.17	1.0	10.87	1.56
NR	NR	Charles Schwab	NA	17	5¾	6⅞	NA	NA	0.42	none	0.0	5.89	1.17
848	656	SCI Systems	–15.8	23⅛	6⅞	12⅝	0.95	13.3	0.31	none	0.0	7.27	1.74
883	NR	Scientific-Atlanta	–23.3	20¼	7⅛	11½	1.28	9.0	0.54	0.12	1.0	9.90	1.16
164	77	Scott Paper	134.8	43½	12⅝	37⅛	5.07	7.3	0.60	0.80	2.2	21.44	1.73
840	856	Scotty's	–14.0	18⅛	10	12¼	0.30	40.8	0.32	0.52	4.2	12.21	1.00
NR	NR	EW Scripps	NA	18⅛	14½	16⅛	0.38	42.4	1.05	0.30	1.9	6.72	2.40
950	645	Seagate Technology	–50.5	45¾	4	6⅞	0.18	38.2	0.25	none	0.0	8.89	0.77
476	223	Seagram	54.5	82¾	30	56	6.24	9.0	1.63	1.20	2.1	47.03	1.19
735	640	Sears, Roebuck	7.7	59½	26	40	3.84	10.4	0.29	2.00	5.0	35.89	1.11
154	301	Seaway Food Town	138.5	17	5½	15½	3.94	3.9	0.09	0.36	2.3	9.52	1.63
560	361	Security Pacific	41.2	43⅞	19	36	3.73	9.7	0.49	1.96	5.4	28.00	1.29
473	NR	Selective Insurance	54.7	27½	12⅛	24¾	4.66	5.3	0.48	1.24	5.0	19.82	1.25
237	144	Sequa	104.1	88⅜	24¼	61¾	4.67	13.2	0.41	0.60	1.0	57.39	1.08
463	NR	Service Corp Intl	55.5	31⅞	9	16⅛	1.35	11.9	1.41	0.48	3.0	11.85	1.36
783	913	Service Merchandise	–2.3	18¾	3	15¾	1.60	9.8	0.18	0.08	0.5	9.21	1.71
751	795	Shaklee	4.8	28	11⅜	22	1.65	13.3	0.47	0.80	3.6	19.26	1.14
217	109	Shaw Industries	111.6	30¾	5½	22¾	2.34	9.7	0.33	0.66	2.9	10.21	2.23
533	447	Shawmut National	45.0	55½	18¼	24¼	3.00	8.1	0.66	1.36	5.6	20.40	1.19
NR	NR	Shearson Lehman	NA	34⅛	12½	19⅞	0.23	86.4	0.18	0.75	3.8	17.70	1.12
274	216	Sherwin-Williams	93.3	38½	11⅛	25⅜	2.31	11.0	0.58	0.64	2.5	12.57	2.02
NR	460	Shoney's	NA	9	6¾	7	1.46	4.8	0.34	4.00	57.1	8.29	0.84
270	241	Signet Banking	94.7	38⅜	15⅜	32	5.34	6.0	0.66	1.40	4.4	20.62	1.55
884	876	Skyline	–23.9	21	11⅛	13½	1.22	11.1	0.45	0.48	3.6	12.57	1.07
822	300	AO Smith	–9.0	32⅛	10⅜	17¾	1.31	13.5	0.15	0.80	4.5	27.97	0.63
977	912	Smith International	–63.3	21⅜	1¼	7¾	0.92	8.4	0.68	none	0.0	3.95	1.96
4	17	Smithfield Foods	717.1	20½	1½	17⅝	1.96	9.0	0.16	none	0.0	5.41	3.26
517	580	SmithKline Beckman	46.9	72¾	25	41½	1.70	24.4	1.10	1.84	4.4	12.74	3.26
171	200	Snap-on Tools	130.9	46½	13½	35½	2.63	13.5	1.77	1.00	2.8	10.97	3.24
199	141	Society	120.2	40	14⅜	32¾	4.06	8.1	0.77	1.36	4.2	26.93	1.22
852	731	Sonat	–16.7	43⅛	21⅜	27⅜	2.30	11.9	0.81	2.00	7.3	26.39	1.04
125	155	Sonoco Products	152.3	33½	9½	27¾	1.91	14.5	0.77	0.72	2.6	8.68	3.20
842	882	Soo Line	–14.2	36⅞	12¼	22⅝	1.78	12.7	0.37	none	0.0	26.68	0.85
178	NR	South Carolina Natl	128.0	27⅝	9¾	23⅜	2.50	9.3	0.95	0.64	2.7	16.29	1.43
572	453	Southeast Banking	39.0	31⅜	14⅝	22	3.81	5.8	0.52	1.00	4.5	22.07	1.00
609	566	Southern Company	30.5	29	14⅜	21⅜	2.50	8.6	0.92	2.14	10.0	20.89	1.02
454	446	So N England Telecom	56.5	61½	27¾	54	4.89	11.0	1.08	3.00	5.6	34.88	1.55
987	615	Southmark	–71.2	14	2	2¼	–4.91	def	0.03	none	0.0	7.68	0.29
210	NR	SouthTrust	115.0	25¾	8⅞	21⅛	2.61	8.1	0.88	0.88	4.2	15.89	1.33
907	854	Southwest Airlines	–34.3	31	11¾	17⅞	1.61	11.1	0.68	0.14	0.8	16.43	1.09
460	311	Southwest Gas	55.9	26¾	10⅝	19⅞	2.17	9.2	0.70	1.34	6.7	15.72	1.26
243	351	Southwestern Bell	101.9	45½	18⅜	39⅝	3.33	11.9	1.41	2.48	6.3	27.26	1.45
580	536	Southwestern Pub Svc	37.3	37⅞	17	27⅛	2.50	10.8	1.40	2.20	8.1	14.88	1.82
525	575	Sovran Financial	46.0	44½	16⅞	31⅛	3.95	7.9	0.84	1.52	4.9	22.01	1.41
NR	NR	Spiegel	NA	16¼	6¼	8	0.85	9.4	0.35	0.12	1.5	5.34	1.50
NR	NR	Sprague Technologies	NA	20	7⅛	11½	0.71	16.2	0.42	none	0.0	16.77	0.69
515	558	Springs Industries	47.2	38¾	15⅜	29¼	2.58	11.3	0.29	1.00	3.4	28.64	1.02
355	NR	SPS Technologies	74.1	47¾	19½	42⅞	1.43	30.0	0.51	1.00	2.3	33.10	1.30
625	651	SPX	26.8	39⅝	19¾	33¾	2.62	12.9	0.49	1.20	3.6	23.41	1.44

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Sources: Forbes, William O'Neill & Co.

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
697	590	Square D	14.1%	65½	31⅛	45⅝	$4.14	11.0	0.78	$2.00	4.4%	$24.57	1.86
100	93	Squibb	178.4	102⅞	18⅞	63½	4.11	15.5	2.48	1.60	2.5	14.81	4.29
NR	NR	SSMC	NA	31⅜	11½	19¼	0.24	80.2	0.20	none	0.0	29.54	0.65
226	374	Std Commercial	108.1	2.. ⅛	7⅛	18½	1.31	14.1	0.18	0.48	2.6	17.92	1.03
NR	NR	Standard Fedl Bank	NA	11	4⅝	8¼	1.89	4.4	0.30	0.40	4.8	11.56	0.71
251	NR	Standard Products	98.9	44¾	7¼	26¼	3.23	8.1	0.54	0.80	3.0	13.71	1.91
293	70	Standard Register	88.9	28½	7⅜	14⅞	1.29	11.5	0.67	0.48	3.2	9.11	1.63
340	476	Standard Shares	76.3	105	53	95	6.60	14.4	0.34	none	0.0	61.31	1.55
440	NR	Standex International	59.1	24	11	21⅞	1.21	18.1	0.57	0.60	2.7	13.71	1.60
34	NR	Stanhome	319.7	21¾	4⅜	18⅝	1.83	10.2	0.78	0.58	3.1	6.68	2.79
536	532	Stanley Works	44.5	36½	13	26¼	2.30	11.4	0.60	0.96	3.7	14.59	1.80
58	94	State Street Boston	244.8	36¼	7⅛	25	2.43	10.3	1.04	0.52	2.1	12.90	1.94
930	NR	Statesman Group	–41.8	6⅞	2⅞	3¼	0.01	224.1	0.05	none	0.0	4.62	0.70
NR	NR	Sterling Chemicals	NA	17¾	14⅞	14⅞	3.56	4.2	1.28	none	0.0	1.29	11.53
134	561	Stewart & Stevenson	148.4	27⅞	6⅜	25¼	2.44	10.3	0.44	0.20	0.8	12.04	2.10
204	88	Stone Container	118.2	39⅞	8	29	4.86	6.0	0.47	0.36	1.2	12.39	2.34
1004	934	Storage Technology	–89.0	14⅝	1	1½	0.09	16.7	0.43	none	0.0	1.02	1.47
236	91	Strawbridge	104.2	51⅞	15	33	3.14	10.3	0.28	1.10	3.3	24.39	1.35
70	122	Student Loan	226.0	89½	21	81½	5.04	16.2	1.44	0.80	1.0	12.41	6.57
956	813	Subaru of America	–53.7	39	4⅞	4⅞	–0.96	def	0.14	none	0.0	5.51	0.88
900	461	Sun Company	–31.4	73¼	36	30	0.11	272.7	0.35	1.80	6.0	48.87	0.61
NR	NR	Sun Microsystems	NA	20⅜	5⅛	13¾	0.98	14.1	0.77	none	0.0	5.11	2.69
764	764	Sundstrand	2.1	64½	34⅜	49¾	–0.34	def	0.64	1.80	3.6	32.32	1.54
734	NR	SunTrust Banks	7.8[a]	27¾	15½	20⅝	2.32	8.9	0.95	0.68	3.3	12.92	1.60
242	65	Super Food Services	103.1	29⅛	7¾	25⅞	2.02	12.8	0.11	0.44	1.7	11.67	2.22
548	875	Super Rite Foods	43.0	27¼	6	20⅜	1.35	15.1	0.15	0.24	1.2	7.42	2.75
492	514	Super Valu Stores	51.3	30⅜	11¾	22⅛	1.64	13.5	0.17	0.50	2.3	9.07	2.44
307	604	Sysco	85.6	41½	12⅞	33⅞	2.03	16.7	0.31	0.36	1.1	12.05	2.81
471	187	Talley Industries	54.9	24⅜	7⅞	14¼	0.15	95.0	0.38	0.30	2.1	10.41	1.37
NR	NR	Talman Home Federal	NA	13½	5¾	8⅜	2.59	3.2	0.15	0.20	2.4	30.45	0.28
266	313	Tambrands	95.7	71⅛	23⅜	57	3.86	14.8	2.26	2.04	3.6	14.11	4.04
833	375	Tandem Computers	–12.5	37⅝	6½	15⅜	0.96	16.0	1.12	none	0.0	7.74	1.99
796	846	Tandy	–4.0	56½	23¼	41⅜	3.53	11.8	0.97	0.60	1.4	18.10	2.30
119	NR	TBC Corp	157.1	15¼	3½	12	1.44	8.3	0.26	none	0.0	5.16	2.33
NR	NR	TCF Financial	NA	17¾	6⅝	10¼	–8.31	def	0.13	0.40	3.9	19.72	0.52
334	244	TECO Energy	78.6	27⅞	12	24	2.04	11.8	1.33	1.42	5.9	13.98	1.72
416	526	Tecumseh Products	61.9	160	78½	146½	12.84	11.4	0.75	3.20	2.2	105.25	1.39
939	756	Tektronix	–46.6	43¼	19¾	19⅞	–0.34	def	0.40	0.60	3.0	17.67	1.12
53	26	Tele-Communications	251.9	30¼	5¼	23¾	0.03	791.7	1.68	none	0.0	5.20	4.57
276	276	Teledyne	93.2[c]	390	147¼	323⅛	38.94	8.3	1.12	4.00	1.2	169.35	1.91
375	443	Temple-Inland	70.3	68½	20¼	44⅝	6.63	6.7	0.72	0.84	1.9	33.52	1.33
677	600	Tenneco	17.4	62½	32⅜	48⅛	0.13	370.2	0.52	3.04	6.3	25.44	1.89
865	845	Tesoro Petroleum	–19.6	20⅞	7½	11¼	–2.04	def	0.14	none	0.0	13.13	0.86
621	734	Texaco	27.2	52½	23½	45⅝	–15.47	def	0.32	3.00	6.6	37.76	1.21
238	686	Texas Air	103.8	51½	5⅜	13½	–19.89	def	0.07	none	0.0	10.46	1.29
1014	918	Texas American Bcsh	–99.0	42⅞	⅛	⅜	–38.47	def	0.01	none	0.0	16.32	0.02
825	806	Texas Eastern	–10.3	41⅜	20½	26⅛	2.96	8.8	0.41	1.00	3.8	24.12	1.08
763	725	Texas Industries	2.5	44½	21⅜	29½	0.85	34.8	0.40	0.80	2.7	22.12	1.33
882	749	Texas Instruments	–23.2	80¼	28¾	35½	4.03	8.8	0.46	0.72	2.0	19.40	1.83
640	632	Texas Utilities	22.6	37½	20¾	28½	4.31	6.6	1.10	2.88	10.1	33.02	0.86
551	362	Textron	42.5	39¼	12⅞	23¼	2.88	8.1	0.29	1.00	4.3	25.34	0.92
639	NR	Thomas & Betts	22.8	67¾	28¼	45¾	3.36	13.6	1.56	1.84	4.0	17.07	2.68
809	818	Thorn Apple Valley	–6.3	8¾	3¾	7½	1.08	6.9	0.04	none	0.0	9.69	0.77
1010	927	TIE/Communications	–95.4	28⅜	1⅛	1¼	–0.72	def	0.17	none	0.0	4.20	0.30
235	653	Tiger International	104.3	17¾	3⅜	11¾	1.85	6.4	0.31	none	0.0	0.63	18.65
179	352	Time Inc	127.8[b]	122½	33¾	97⅜	4.88	20.0	1.28	1.00	1.0	21.60	4.51
380	253	Times Mirror	69.3	52⅞	14⅛	31¾	2.25	14.1	1.27	0.92	2.9	11.32	2.80
828	692	Timken	–11.2	41⅜	19¾	28¾	1.76	16.3	0.55	0.80	2.8	32.89	0.87
1005	932	Todd Shipyards	–91.6	39½	1⅝	2⅝	–4.76	def	0.03	none	0.0	13.41	0.20
97	41	Torchmark	179.5[c]	38½	9¼	29⅞	2.96	10.1	1.02	1.20	4.0	13.47	2.22
120	429	Toro	154.8	24⅞	6½	19¾	1.84	10.7	0.33	0.48	2.4	7.27	2.72
917	926	Tosco	–37.5	5⅛	1	3⅛	0.75	4.2	0.10	none	0.0	1.26	2.48

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WHO'S WHERE IN THE STOCK MARKET

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
198	202	Toys "R" Us	120.3%	42¾	14⅛	35¼	$1.67	20.5	1.23	none	0.0%	$8.87	3.97
770	568	Transamerica	1.6	51½	20⅞	31⅛	4.34	7.3	0.31	$1.88	5.9	31.84	0.99
852	775	Transco Energy	–16.9	63½	18	31⅛	–0.28	def	0.31	1.36	4.3	26.36	1.19
731	510	Travelers	8.7	59½	25½	34½	–1.45	def	0.19	2.40	7.0	45.50	0.76
965	NR	Triangle Industries	–57.6b	29	7¼	10⅜	–29.20	def	0.01	none	0.0	2.71	3.74
140	215	Tribune	145.7	49¾	12	37⅜	2.50	15.1	1.24	0.76	2.0	14.35	2.62
647	521	Trinity Industries	21.9	37⅞	12½	28½	1.17	24.4	0.68	0.50	1.8	11.37	2.51
273	164	Trinova	94.2	44¼	12⅞	25	2.44	10.2	0.46	0.64	2.6	18.49	1.35
686	NR	Trustcorp	15.6	42⅜	20⅛	26	3.55	7.3	0.67	1.50	5.8	24.11	1.08
756	627	TRW	3.6	70	29¼	41¼	4.48	9.2	0.35	1.72	4.2	23.27	1.77
594	NR	Tucson Electric	34.2	65	32⅛	51	5.05	10.1	2.37	3.90	7.6	30.84	1.65
841	643	Turner	–14.1	31⅛	14¼	16¾	0.76	22.0	0.02	1.30	7.8	11.61	1.44
645	687	Turner Broadcasting	22.1	16⅛	5½	14½	–3.42	def	0.86	none	0.0	–5.01	NE
NR	Nk	TW Services	NA	27⅛	9¼	22⅛	1.33	16.8	0.31	0.10	0.4	9.27	2.41
241	NR	20th Century Inds	103.1	29⅝	7⅝	16⅛	1.83	8.8	0.70	0.36	2.2	7.44	2.17
21	21	Tyco Laboratories	378.6	38⅜	6½	33½	2.15	15.6	0.69	0.28	0.8	8.15	4.11
963	690	Tyler	–56.9	18⅛	5¾	6¼	1.40	4.5	0.14	0.06	1.0	10.34	0.60
6	2	Tyson Foods	621.6	25½	2	15⅞	1.27	12.5	0.53	0.04	0.3	4.20	3.78
114	262	UAL	161.9	105⅞	28	96¼	38.11	2.5	0.23	none	0.0	51.49	1.87
457	628	UGI	56.3	32	16½	27¼	3.03	9.2	0.64	2.14	7.7	21.34	1.30
511	488	UNC	47.7	13¼	3	8⅛	0.73	11.1	0.32	none	0.0	6.51	1.25
349	283	Union Bank	75.0	36⅝	14½	26¼	3.48	7.5	0.58	1.08	4.1	25.92	1.01
680	427	Union Camp	16.4	48⅛	20½	32	3.92	8.2	0.85	1.24	3.9	20.24	1.58
656	629	Union Carbide	20.7c	33⅛	10⅞	25¼	3.87	6.5	0.42	0.80	3.2	9.43	2.68
311	408	Union Electric	84.5	31¾	12	23¾	2.67	8.9	1.20	2.00	8.4	17.98	1.32
651	670	Union Pacific	21.2	86⅝	34¼	61½	5.23	11.8	1.04	2.20	3.6	36.35	1.69
NR	NR	Union Texas Petrol	NA	31½	5¾	10⅝	0.70	14.8	0.76	0.20	1.9	1.56	6.65
494	229	Unisys	51.1	28⅜	14⅞	25⅜	3.64	7.0	0.41	1.00	3.9	23.09	1.10
23	4	United Artists	369.8	32¼	4⅜	25¼	0.94	26.9	1.23	none	0.0	2.89	8.74
874	739	United Banks of Colo	–21.3	35½	13¼	13⅞	1.08	12.8	0.37	none	0.0	25.25	0.55
88	23	United Brands	187.9	19⅞	3½	14⅞	1.55	9.6	0.17	0.20	1.3	9.69	1.54
1015	922	United Financial	–99.6	11	1/32	1/32	–39.88	def	0.00	none	0.0	–5.10	NE
706	NR	United HealthCare	13.3b	15⅞	2⅝	4¼	–2.63	def	0.15	none	0.0	2.60	1.63
669	718	United Illuminating	18.8	36¼	9	24½	4.21	5.8	0.66	2.32	9.5	31.58	0.78
518	132	United Jersey Banks	46.9	32½	11⅛	21⅞	2.56	8.4	0.97	1.06	4.9	15.47	1.40
989	864	United Merchants	–73.3	21½	2¾	3⅜	–0.03	def	0.05	none	0.0	6.81	0.50
362	331	US Bancorp	73.1	31¼	10½	24	2.63	9.1	0.74	1.00	4.2	20.95	1.15
523	569	US Healthcare	46.4	22⅞	3⅛	6	0.18	33.3	0.39	0.16	2.7	3.09	1.94
999	920	US Home	–82.6	13	1⅜	2	–1.10	def	0.11	none	0.0	4.40	0.45
649	650	US Shoe	21.6	34⅜	11½	22⅛	0.36	63.5	0.46	0.46	2.0	11.74	1.95
406	499	United Stationers	63.9	28¼	13	22⅛	1.50	14.8	0.40	0.32	1.4	8.60	2.57
747	671	United Technologies	5.9	60½	28½	38⅝	5.21	7.4	0.28	1.60	4.2	32.90	1.17
294	649	United Telecom	88.8	44½	17⅛	39⅞	1.53	26.1	1.29	1.92	4.8	15.02	2.65
NR	NR	Univar	NA	28	9⅜	22⅜	1.69	13.4	0.16	0.40	1.8	11.08	2.04
365	230	Universal	72.4	36¾	15¼	29⅜	3.60	8.2	0.20	1.28	4.3	21.04	1.41
216	437	Universal Foods	112.0	34⅜	12½	24½	1.67	14.7	0.55	0.72	2.9	10.27	2.39
920	NR	Universal Health	–37.8	20⅛	3	6½	0.00	NA	0.17	1.40	21.5	10.15	0.64
705	714	Unocal	13.4	51	15⅜	35⅞	–0.74	def	0.48	1.00	2.8	15.15	2.37
NR	NR	UNUM Corp	NA	31⅜	15⅜	26¼	2.47	10.6	0.55	0.48	1.8	28.53	0.92
80	45	Upjohn	201.3	53¾	7½	29¾	1.85	16.1	2.07	0.88	3.0	8.95	3.32
247	356	US West	100.0	62	27⅞	55⅜	6.04	9.2	1.16	3.52	6.3	40.18	1.38
740	745	USAir Group	7.1	53½	22	34	3.74	9.1	0.28	0.12	0.4	43.90	0.77
723	545	USF&G	9.7	48¾	17⅜	30⅛	3.03	10.0	0.45	2.64	8.7	20.93	1.45
NR	232	USG	NA	7¾	5⅜	5⅜	1.92	2.8	0.11	none	0.0	11.76	0.46
498	525	Uslico	50.0	31⅜	15⅜	23	3.07	7.5	0.51	0.96	4.2	23.98	0.96
662	592	USLife	20.3	49½	23⅞	34¾	3.94	8.8	0.48	1.36	3.9	50.06	0.69
341	34	UST Inc	76.2	38½	14⅞	35⅛	2.72	12.9	3.20	1.48	4.2	7.28	4.82
838	582	USX	–13.6	39⅜	14½	26¼	1.94	13.5	0.44	1.40	5.3	18.26	1.44
613	585	Utah Power & Light	28.8	37¼	20⅜	30¾	2.75	11.2	1.78	2.32	7.5	18.46	1.67
252	277	UtiliCorp United	98.5	21⅞	8⅜	19	1.99	9.6	0.58	1.12	5.9	14.47	1.31
981	916	Valero Energy	–65.9	23⅞	4½	7⅛	–0.63	def	0.24	none	0.0	12.71	0.56
190	NR	Valhi	124.3	14⅛	1	10⅜	0.28	37.1	0.54	0.10	1.0	2.47	4.20

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Sources: Forbes, William O'Neill & Co.

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
724	414	Valley National	9.5%	50¼	20½	27⅛	$0.83	32.8	0.48	$1.44	5.3%	$29.40	0.93
399	NR	Valmont Industries	66.0	22⅛	6¼	19½	2.28	8.6	0.17	0.33	1.7	12.26	1.59
106	NR	Valspar	169.0	40½	7⅝	23⅞	1.69	14.1	0.55	0.40	1.7	7.70	3.10
953	858	Varian Associates	–52.5	58½	18¼	26⅛	1.27	20.6	0.49	0.26	1.0	19.95	1.31
911	805	Varity Corp	–36.1	6⅛	1⅛	2⅛	0.34	8.5	0.26	none	0.0	1.49	1.93
304	142	VF	85.9	48¼	10⅞	28	2.64	10.6	0.75	0.84	3.0	14.43	1.94
NR	NR	Viacom	NA	30⅜	10	27⅛	NA	NA	1.24	none	0.0	9.81	2.77
15	NR	Village Super Market	458.6	24	3⅛	20¼	1.84	11.0	0.11	0.15	0.7	14.21	1.43
NR	NR	Vista Chemical	NA	61	17	44⅜	7.10	6.3	0.84	1.80	4.1	9.84	4.51
940	NR	Volt Info Sciences	–46.7	34¼	11¾	12	–0.08	def	0.17	none	0.0	14.10	0.85
NR	NR	Vons Cos	NA	13⅜	6	12½	–0.23	def	0.12	none	0.0	5.69	2.20
160	209	Vulcan Materials	136.5	164	58	160½	13.34	12.0	1.60	3.92	2.4	54.80	2.93
NR	NR	VWR Corp	NA	28⅛	8	20½	1.54	13.3	0.19	0.80	3.9	12.42	1.65
78	31	Wal-Mart Stores	203.8	42⅞	7⅛	29¾	1.35	21.9	0.87	0.16	0.5	3.99	7.42
442	242	Walgreen	58.8	44⅞	14⅛	30¾	2.10	14.5	0.38	0.68	2.2	10.12	3.00
991	903	Wang Laboratories	–77.2	37⅜	7½	8⅛	0.50	16.3	0.43	0.16	2.0	9.67	0.84
144	477	Warner Commun	142.8	39¼	8½	32⅝	2.53	12.9	1.02	0.56	1.7	9.13	3.57
142	172	Warner-Lambert	145.1	87½	28¾	72⅜	4.81	15.1	1.29	2.56	3.5	12.75	5.70
431	383	Washington Gas Light	60.5	30¾	14¾	24⅞	2.52	9.9	0.64	1.88	7.6	18.80	1.32
121	NR	Washington Mutual	154.7	26⅞	3½	15	2.32	6.5	0.40	0.40	2.7	21.13	0.71
714	713	Washington National	11.8	37⅛	15⅜	27¼	–3.49	def	0.31	1.08	4.0	34.93	0.78
113	67	Washington Post	162.8	269	60¾	192½	23.05	8.4	1.82	1.56	0.8	47.80	4.03
67	154	Waste Management	232.1	48½	6⅞	38½	1.89	20.4	2.58	0.48	1.2	8.39	4.59
342	113	Weis Markets	76.0	41⅜	13⅜	28¼	1.77	16.0	1.12	0.50	1.8	9.97	2.83
64	98	Wells Fargo	238.2	71½	15½	67	8.70	7.7	0.74	3.00	4.5	42.60	1.57
916	753	Wendy's Intl	–37.5	17¾	4⅛	5⅞	0.27	21.8	0.54	0.24	4.1	4.29	1.37
424	639	West Point-Pepperell	61.2	50½	17¼	41½	3.08	13.5	0.57	1.20	2.9	24.97	1.66
608	NR	Western Digital	30.6	32⅛	5⅞	11¼	1.54	7.6	0.38	none	0.0	9.26	1.27
NR	NR	Western Publishing	NA	24¾	8½	16½	1.33	12.4	0.63	none	0.0	7.02	2.35
938	51	Western S&L	–45.4	26⅜	3	3¼	0.08	42.7	0.05	none	0.0	6.04	0.54
1009	935	Western Union	–95.2	39¼	1⅛	1¾	–24.11	def	0.08	none	0.0	2.37	0.74
322	194	Westinghouse	81.3	75	19¾	49⅜	5.49	9.0	0.62	2.00	4.0	24.92	1.99
929	666	Westmoreland Coal	–41.7	27½	13½	14	–6.79	def	0.20	none	0.0	17.00	0.82
469	157	Westvaco	55.1	37½	14¼	26⅞	3.10	8.7	0.82	0.92	3.4	18.15	1.48
128	267	Wetterau	150.3	26¼	8¼	23⅜	1.69	14.0	0.13	0.56	2.4	8.79	2.69
738	728	Weyerhaeuser	7.2	40	16½	24⅛	2.56	9.4	0.64	1.20	5.0	16.99	1.42
937	888	Wheeling-Pittsburgh	–45.0	35⅜	5⅛	15¼	23.99	0.6	0.07	none	0.0	–84.95	NE
777	631	Whirlpool	–0.5	41½	18⅜	24⅛	2.12	11.4	0.39	1.10	4.6	18.83	1.28
191	738	Whittaker	123.6	44⅜	14½	41⅜	3.28	12.6	0.58	1.00	2.4	26.03	1.59
970	893	Wickes Cos	–60.5	35	6½	9⅜	0.17	56.6	0.13	none	0.0	24.85	0.39
294	492	Wicor	88.8	46	20¼	39⅞	4.32	9.2	0.37	2.68	6.7	31.36	1.27
280	491	Willamette Inds	91.6	64	14	42¼	6.32	6.7	0.65	1.20	2.8	24.24	1.74
721	573	Williams Cos	10.0	38	17⅜	30⅛	3.62	8.4	0.64	1.40	4.6	28.46	1.07
445	766	Wilson Foods	58.6	15	4¼	13⅞	0.65	21.3	0.11	none	0.0	7.65	1.81
563	508	Winn-Dixie Stores	40.7	59	25¼	40⅜	2.99	13.6	0.18	1.92	4.7	18.20	2.23
898	NR	Winnebago Industries	–31.1	20⅞	7	9⅛	0.11	83.0	0.54	0.40	4.4	6.25	1.46
256	294	Wisconsin Energy	97.3	32⅛	12⅞	27⅛	3.03	9.0	1.21	1.54	5.7	16.95	1.60
405	362	Wisconsin Public Svc	64.0	31½	12⅛	22¾	2.28	10.0	0.88	1.58	6.9	15.52	1.47
528	197	Witco	45.7	47⅜	18½	34¼	2.76	12.4	0.49	1.50	4.4	25.53	1.34
90	135	FW Woolworth	186.1	60¾	14⅞	50¼	4.24	11.9	0.41	1.64	3.3	26.44	1.90
402	268	Worthington Inds	65.5	25⅞	8	20⅞	1.46	14.3	0.91	0.44	2.1	7.04	2.97
428	343	WPL Holdings	60.5	30⅛	12⅞	22⅞	2.33	9.8	1.03	1.62	7.1	15.04	1.52
36	25	Wm Wrigley Jr	309.0	41¼	7½	35⅞	2.15	16.7	1.65	0.64	1.8	7.18	5.00
945	883	Wyman-Gordon	–47.9	32½	11¾	15¾	0.43	36.6	1.07	0.80	5.1	14.46	1.09
638	NR	Wyse Technology	23.2b	39¾	5⅞	8⅝	1.78	4.8	0.23	none	0.0	11.31	0.76
719	479	Xerox	10.4	85	33¼	54⅜	5.76	9.5	0.34	3.00	5.5	51.00	1.07
552	137	Yellow Freight Sys	42.4	42½	11⅜	30¾	2.15	14.2	0.45	0.70	2.3	13.82	2.22
NR	NR	York International	NA	59¾	13½	53½	2.79	19.2	0.49	none	0.0	24.42	2.19
389	420	Zayre	67.9	43⅞	10⅞	24¾	0.12	def	0.31	0.40	1.6	13.03	1.90
948	732	Zenith Electronics	–50.4	38¾	10	17⅜	–0.13	def	0.18	none	0.0	18.45	0.96
675	NR	Zenith National Insur	17.6	30½	9⅛	15½	2.24	6.9	0.67	0.80	5.2	12.62	1.23
292	597	Zurn Industries	89.0	30¾	10⅝	25¾	1.68	15.3	0.74	0.68	2.6	15.62	1.65

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Sources: Forbes, William O'Neill & Co.

WHO'S WHERE IN PROFITABILITY

The five-year average return on equity of America's largest corporations rose to 13.9% last year, the best showing since 1984's results.

By Steve Kichen

IF ANYONE STILL DOUBTS that there is a difference between Wall Street and the real economy, the doubts stop here. The Dow is down 25% from its precrash high, but the five-year average return on equity of the 1,116 companies we report on in these pages jumped to an impressive 13.9%. The latest 12-month return on equity proved even better—14.1%—indicating that long-term profitability may climb even higher.

Firms increase their per-share book value by making money and repurchasing shares. An analysis by FORBES of book value growth over the past six years for all 1,116 companies shows that businesses have been incredibly consistent in maintaining year-to-year book value growth of 12% during this period. This means that earnings of the average company had to grow at least 12% a year just for a firm to maintain the same return on equity as in the previous year. Gains in profitability came from rising profits rather than shrinking book values.

Reebok International, a designer and marketer of athletic footwear, is once again the top-ranked corporation in long-term profitability. But note the latest 12-month profitability of 27.7%. Reebok's reign at the top won't last much longer. In fact, of the 100 top-ranked corporations, 77 firms show 12-month results below their long-term performance. Eight of the leading 100 companies, including former stars such as Subaru of America and Emerson Radio, are now losing money.

A number of the major businesses that either were acquired or sought the sanctuary of a leveraged buyout during the past year were companies that fell below the median performance of their peers. In FORBES' 40th Annual Report on American Industry *(Jan. 11, 1988)*, for example, Firestone had a five-year average return on equity of 3.3% and a 12-month result of 6.4%, whereas the medians for the tire and rubber subindustry were at 5.9% and 11.1%, respectively. Bridgestone of Japan acquired Firestone in April 1988.

Contrarians might take interest in the bottom-ranked companies. Bethlehem Steel, for instance, has a negative five-year average return on equity, but over the last 12 months it earned 26.1%. Breakouts from a poor five-year pattern are no guarantee that a turnaround is at hand, but Bethlehem Steel, Amax, MA Hanna, Fluor, Copperweld and others may warrant a second look. ■

Company	Return on equity rank	5-year average	Latest 12 months
Reebok Intl	1	200 + %[b]	27.7%
Delta Woodside Inds	2	200 +[a]	37.8
CenTrust Savings	3	150.6[b]	6.7
Anchor Glass	4	133.2[b]	5.1
Jepson	5	94.4[a]	19.3
Microsoft	6	73.9	43.2
Western S&L	7	69.6	1.3
Pilgrim's Pride	8	68.4[b]	def
Best Buy Co	9	60.2	3.1
Chrysler	10	59.4[b]	14.8
Western Publishing	11	58.4[a]	18.9
Carnival Cruise	12	58.0	29.4
Highland Superstrs	13	57.7	5.4
Liz Claiborne	14	54.8	29.8
Wyse Technology	15	52.4	15.7
Consolidated Stores	16	51.9	11.7
Sun Microsystems	17	46.6	22.4
First Capital Holding	18	45.8[b]	20.9
Limited	19	45.6	25.5
Hudson Foods	20	44.9	5.3
Harman Intl	21	44.7[a]	19.1
Mayfair Super Mkts	22	42.6	39.6
Price Co	23	42.4	24.9
United HealthCare	24	41.8	def
Affiliated Pubs	25	41.1	def
Kellogg	26	40.4	38.2
General Motors EDS	27	40.2	36.5
Envirodyne Inds	28	39.3[b]	34.6
Golden West Finl	29	39.2	16.4
[illegible]lhi	30	38.6[b]	11.3
ICH	31	38.5[b]	def
Rollins	32	38.4	48.1
Commerce Clearing	33	37.5	28.9
PSI Holdings	34	36.5	38.0
US Healthcare	35	36.3	5.8
Mark IV Industries	36	36.0	23.5
Columbia S&L	37	35.8	1.1
Wal-Mart Stores	38	35.8	33.8
Geico	39	35.7	26.0
Lockheed	40	35.5	32.1
Marsh & McLennan	41	35.4	38.2
Student Loan	42	35.4	40.6
Ralston Purina	43	35.2	41.1
Amer Home Prod	44	34.8	35.8
Molex	45	34.5	20.4
Oshkosh Truck	46	34.3	15.1
Circuit City Stores	47	34.3	28.8
Amer Continental	48	34.3	41.2
Dun & Bradstreet	49	34.2	23.6
General Cinema	50	34.1	19.7
Continental Info Sys	51	34.1	0.2
Morgan Products Ltd	52	33.5[b]	13.9
Deluxe Corp	53	33.3	28.6
Argonaut Group	54	33.1[a]	47.0
Progressive	55	33.0	22.3
UST Inc	56	31.8	37.4
Homestead Financial	57	31.8	def
Washington Post	58	31.3	48.2
Charming Shoppes	59	31.2	14.8
Bandag	60	30.7	49.9
Ford Motor	61	30.7	27.7
Subaru of America	62	30.7	def
Tyson Foods	63	30.7%	30.2%
Tambrands	64	30.6	27.4
Seagate Technology	65	30.5	2.2
Hasbro	66	30.4	8.6
Dow Jones	67	30.2	27.7
Abbott Laboratories	68	29.9	34.5
Food Lion	69	29.7	31.4
Compaq Computer	70	29.7[b]	45.6
Jefferson Smurfit	71	29.7	62.9
Cray Research	72	29.5	16.5
Standard Products	73	29.5	25.7
VF	74	29.4	18.3
Comdisco	75	29.3	3.6
SmithKline	76	28.8	13.3
JWP	77	28.7	22.2
Kelly Services	78	28.6	32.2
Marion Laboratories	79	28.4	46.1
Philip Morris Cos	80	28.4	33.2
Intergraph	81	27.7	15.4
Home Depot	82	27.4	22.3
Family Dollar Stores	83	27.4	17.9
Fin Cp Santa Barbara	84	27.3	5.6
EG&G	85	27.0	22.3
Manor Care	86	26.8	def
Emerson Radio	87	26.8	def
Maytag	88	26.7	33.0
Gap	89	26.4	23.1
Circus Circus	90	26.3	28.7
Himont	91	26.3[b]	30.6
CBS	92	26.2	93.6
Ryland Group	93	26.1	25.4
Bruno's	94	26.0	18.9
20th Century Inds	95	25.9	24.6
Apollo Computer	96	25.6	4.1
First Executive	97	25.6	12.3
Big Bear	98	25.4	17.7
Coca-Cola	99	25.2	31.4
General Dynamics	100	25.2	22.7
Reliance Group	101	25.2	17.9
Ecolab	102	25.2	9.7
First Amer Financial	103	25.1	9.4
Fuqua Industries	104	25.0	35.0
Natl Western Life	105	24.9	7.1
Merck	106	24.7	53.3
CVN Cos	107	24.6	8.1
General Host	108	24.6	def
USG	109	24.5	16.3
Equifax	110	24.5	26.1
Times Mirror	111	24.4	19.8
Bristol-Myers	112	24.3	25.0
Noxell	113	24.2	23.2
Fleetwood Enterpr	114	24.1	16.1
Pall	115	24.1	21.4
Humana	116	24.0	22.2
Philips Industries	117	24.0	20.7
Loews	118	23.9	28.7
MDC Holdings	119	23.9	def
Rite Aid	120	23.8	17.4
Rorer Group	121	23.5	14.1
Circle K	122	23.5	14.8
Precision Castparts	123	23.5	21.9
CDI Corp	124	23.4	27.4
First Union	125	23.4%	16.7%
H&R Block	126	23.3	23.8
New York Times	127	23.3	19.5
Tandy	128	23.3	21.1
Albany International	129	23.3[b]	23.8
Hartford Steam Boiler	130	23.3	31.6
American Stores	131	23.2	12.0
Burlington Coat	132	23.2	14.0
Dean Foods	133	23.2	17.8
Shaw Industries	134	23.2	24.1
Handleman	135	23.1	23.0
Eli Lilly	136	23.1	23.2
HJ Heinz	137	23.0	26.0
Apple Computer	138	22.9	46.5
Browning-Ferris Inds	139	22.8	23.8
Giant Food	140	22.8	24.1
Teledyne	141	22.7	23.0
Holly Corp	142	22.7	99.6
Melville	143	22.7	21.3
Gillette	144	22.6	44.8
McDonald's	145	22.6	21.4
PepsiCo	146	22.4	28.5
Nacco Industries	147	22.3	20.0
Rubbermaid	148	22.3	22.1
Jostens	149	22.3	59.0
Sequa	150	22.2	8.1
Marriott	151	22.2	27.4
Brunswick	152	22.2	25.0
IBM	153	22.1	13.7
Toys "R" Us	154	22.0	19.4
Walgreen	155	22.0	20.8
Time Inc	156	21.8	22.6
Herman Miller	157	21.8	19.1
Lomas Financial	158	21.8	def
Gannett	159	21.7	21.9
PH Glatfelter	160	21.7	26.7
Pfizer	161	21.5	19.8
McGraw-Hill	162	21.3	21.7
American Family	163	21.3	19.8
Dillard Dept Stores	164	21.3	14.8
Rockwell Intl	165	21.3	25.3
Waste Management	166	21.3	22.5
Fred Meyer	167	21.2	14.4
RJR Nabisco	168	21.2	22.9
Super Valu Stores	169	21.2	18.1
Squibb	170	21.2	27.8
ConAgra	171	21.1	20.9
Valspar	172	21.1	21.9
Olsten	173	21.1	26.4
Clorox	174	20.9	20.2
First Federal Mich	175	20.8[b]	4.9
Snap-on Tools	176	20.7	24.0
Leggett & Platt	177	20.7	17.0
Quaker Oats	178	20.6	19.9
Kraft	179	20.5	61.8
Shoney's	180	20.5	17.6
Anheuser-Busch Cos	181	20.5	24.1
Pitney Bowes	182	20.4	22.2
E-Systems	183	20.4	16.7
Marshall Industries	184	20.4	22.0
Morton Thiokol	185	20.4	15.8
CoreStates Financial	186	20.4	16.9

NA: Not available. NE: Negative equity. def: Deficit. a: Three-year average. b: Four-year average.

WHO'S WHERE IN PROFITABILITY

Company	Return on equity rank	5-year average	Latest 12 months
Premier Industrial	187	20.3%	24.0%
Sara Lee	188	20.2	21.0
Ogilvy Group	189	20.1	17.2
Intl Flavors & Frags	190	20.1	19.1
CR Bard	191	20.1	24.8
Shearson Lehman	192	20.0	1.3
Nalco Chemical	193	20.0	22.3
Albertson's	194	20.0	22.7
Stanhome	195	19.9	27.4
Hercules	196	19.8	7.5
State Street Boston	197	19.8	18.8
Interpublic Group	198	19.8	20.0
United Stationers	199	19.8	17.4
HON Industries	200	19.8	18.6
Martin Marietta	201	19.7	39.0
Worthington Inds	202	19.7	21.9
Great Lakes Chemical	203	19.6	23.8
Vista Chemical	204	19.6[a]	72.2
AMP	205	19.6	22.5
Southwestern Pub Svc	206	19.6	16.8
Consolidated Papers	207	19.5	23.9
Wm Wrigley Jr	208	19.5	29.9
A Schulman	209	19.5	22.1
James River Corp Va	210	19.4	10.7
Emerson Electric	211	19.4	19.8
Flowers Industries	212	19.3	21.9
Northern Telecom	213	19.3	13.8
Rohr Industries	214	19.3	9.5
Nordstrom	215	19.3	20.3
Ametek	216	19.3	13.8
Minn Mining & Mfg	217	19.3	21.7
Super Rite Foods	218	19.2	18.2
First Boston	219	19.2	11.0
Savannah Foods	220	19.1	11.4
Johnson & Johnson	221	19.1	27.5
Weis Markets	222	19.0	17.8
Hannaford Bros	223	19.0	19.4
Hechinger	224	19.0	13.4
Computer Associates	225	19.0[b]	24.6
First Wachovia	226	19.0	16.7
Spiegel	227	19.0	15.9
RR Donnelley & Sons	228	18.9	17.0
Tucson Electric	229	18.8	16.4
Torchmark	230	18.8	22.0
Old Kent Financial	231	18.8	17.6
Standard Register	232	18.8	14.2
Brown-Forman	233	18.8	18.8
CityFed Financial	234	18.8	def
Chicago Pacific	235	18.8	19.3
Raytheon	236	18.7	26.0
Aon	237	18.7	14.8
Universal	238	18.7	18.0
Sherwin-Williams	239	18.7	18.4
Northrop	240	18.7	23.7
NIKE	241	18.6	35.7
Loral	242	18.6	19.0
American Brands	243	18.6	22.3
GenCorp	244	18.6	NE
Southmark	245	18.6	def
Hershey Foods	246	18.5	25.0
Barnett Banks	247	18.5	16.9
Cooper Cos	248	18.5	def
AG Edwards	249	18.5%	9.8%
Masco	250	18.5	19.1
SouthTrust	251	18.5	16.4
Holly Farms	252	18.4	16.5
Medtronic	253	18.4	23.4
Pep Boys	254	18.4	14.2
Zayre	255	18.4	def
Automatic Data	256	18.3	18.8
Alexander & Baldwin	257	18.3	26.9
Yellow Freight Sys	258	18.3	15.6
Winn-Dixie Stores	259	18.3	16.6
Genuine Parts	260	18.3	22.7
Capital Cities/ABC	261	18.3	15.5
La-Z-Boy Chair	262	18.3	15.4
Westinghouse	263	18.3	22.0
Collins Foods Intl	264	18.2	13.6
UtiliCorp United	265	18.2	13.7
Kinder-Care	266	18.2	10.1
Sovran Financial	267	18.2	17.9
General Electric	268	18.1	17.2
Upjohn	269	18.1	20.7
Winnebago Industries	270	18.1	1.8
Shaklee	271	18.1	8.6
Hillenbrand Inds	272	18.0	22.5
PHM Corp	273	18.0	1.3
Equitable Resources	274	18.0	8.0
CPC International	275	17.9	26.3
PHH Corp	276	17.9	7.0
Midlantic	277	17.9	17.2
Ames Dept Stores	278	17.9	9.7
Dibrell Brothers	279	17.9	19.0
Hilton Hotels	280	17.9	20.0
Sonoco Products	281	17.8	22.0
Cardinal Distribution	282	17.8	22.5
Ethyl	283	17.8	23.6
Tyco Laboratories	284	17.7	29.4
Hubbell	285	17.7	19.5
Exxon	286	17.7	16.4
National Service	287	17.7	17.0
Farmers Group	288	17.7	19.1
Loctite	289	17.6	23.3
SCI Systems	290	17.6	13.9
Bausch & Lomb	291	17.6	16.2
Sysco	292	17.5	18.2
New England Electric	293	17.4	def
Potomac Electric	294	17.4	16.8
SunTrust Banks	295	17.4	18.0
Kaman	296	17.4	16.9
Ryder System	297	17.4	9.5
Harcourt Brace	298	17.4	NE
Ball Corp	299	17.4	14.2
Berkshire Hathaway	300	17.4	12.1
Newell Co	301	17.4	16.1
Fleet/Norstar Finl	302	17.4	14.6
Dover	303	17.3	20.9
Carolina Freight	304	17.3	4.7
Kimball International	305	17.3	15.3
PNC Financial	306	17.3	16.5
Meredith	307	17.3	10.5
Russell	308	17.3	18.0
Reynolds & Reynolds	309	17.3	9.7
Alaska Air Group	310	17.3	11.6
First of America Bank	311	17.3%	13.9%
TBC Corp	312	17.2	27.9
Citizens & Southern	313	17.2	17.9
Rohm & Haas	314	17.2	21.4
American Intl Group	315	17.2	20.7
Knight-Ridder	316	17.2	17.7
Thomas & Betts	317	17.1	19.7
Smithfield Foods	318	17.1	36.1
Curtice Burns Foods	319	17.1	18.7
Whirlpool	320	17.1	11.3
Pioneer Hi-Bred Intl	321	17.1	11.3
Lowe's Cos	322	17.0	10.3
Petrie Stores	323	17.0	7.5
Commonwealth En	324	17.0	10.6
Tribune	325	17.0	17.4
Mercantile Stores	326	17.0	15.0
Bancorp Hawaii	327	16.9	20.3
Banc One	328	16.9	18.5
Vulcan Materials	329	16.8	24.3
Getty Petroleum	330	16.8	30.1
Wetterau	331	16.8	19.2
Kansas Power & Light	332	16.8	14.5
Illinois Tool Works	333	16.7	21.4
Super Food Services	334	16.7	17.3
Dairy Mart	335	16.7	15.8
Laclede Gas	336	16.7	14.3
PPG Industries	337	16.7	22.6
Capital Holding	338	16.7	12.8
Eaton	339	16.7	19.5
Kellwood	340	16.6	19.3
Pillsbury	341	16.6	5.2
Helene Curtis Inds	342	16.6	13.2
Cincinnati Financial	343	16.6	18.8
Diebold	344	16.6	10.0
Minnesota P&L	345	16.6	12.6
Hewlett-Packard	346	16.5	17.2
Freeport-McMoRan	347	16.5	31.9
Square D	348	16.5	16.8
Rose's Stores	349	16.5	5.8
Old Republic Intl	350	16.5	14.5
Schultz Sav-O Stores	351	16.4	17.6
San Diego G&E	352	16.4	14.5
Western Digital	353	16.4	18.0
Ipalco Enterprises	354	16.4	14.9
Safeco	355	16.4	16.2
NCNB	356	16.3	13.3
General Motors	357	16.3	12.7
Central & So West	358	16.3	14.9
McCormick & Co	359	16.2	12.2
No States Power	360	16.2	14.8
Crestar Financial	361	16.2	13.4
Illinois Power	362	16.1	8.2
Longs Drug Stores	363	16.1	18.1
SCEcorp	364	16.1	16.3
WPL Holdings	365	16.1	15.5
Prime Computer	366	16.1	9.6
Wisconsin Energy	367	16.0	17.9
May Dept Stores	368	16.0	17.9
South Carolina Natl	369	16.0	15.3
Campbell Soup	370	16.0	14.0
Witco	371	16.0	10.8
Schering-Plough	372	16.0	25.7

NA: Not available. NE: Negative equity. def: Deficit. a: Three year average. b: Four year average.

Company	Return on equity rank	5-year average	Latest 12 months
Avery International	373	16.0%	10.5%
Baltimore G&E	374	16.0	15.9
El Paso Electric	375	16.0	6.8
United Jersey Banks	376	16.0	16.5
Household Intl	377	16.0	22.6
Dayton Hudson	378	15.9	11.6
Northeast Utilities	379	15.9	11.4
Florida Natl Banks	380	15.9	8.3
Peoples Energy	381	15.9	16.2
PacifiCorp	382	15.9	15.1
Dixie Yarns	383	15.9	11.1
Zenith National Ins	384	15.9	17.7
Marshall & Ilsley	385	15.9	16.2
Warner-Lambert	386	15.9	37.7
Goodyear	387	15.9	25.1
Salomon	388	15.9	6.5
Pentair	389	15.8	20.0
KeyCorp	390	15.8	12.2
Ohio Mattress	391	15.8	12.8
Dollar General	392	15.8	5.5
Centel	393	15.8	14.7
NCR	394	15.8	20.4
Arden Group	395	15.8	45.4
Service Corp Intl	396	15.8	12.1
Florida Progress	397	15.8	13.8
Commonwealth Ed	398	15.8	10.6
HF Ahmanson	399	15.7	10.3
HB Fuller	400	15.7	14.4
Dominion Bankshares	401	15.7	15.5
Shawmut National	402	15.7	14.7
Strawbridge	403	15.7	13.1
Boeing	404	15.7	11.6
Kimberly-Clark	405	15.6	23.0
Stanley Works	406	15.6	15.8
BayBanks	407	15.6	16.7
WW Grainger	408	15.6	18.3
Wisconsin Public Svc	409	15.6	14.7
AMR	410	15.5	13.1
Armstrong World Inds	411	15.5	17.9
National City	412	15.5[b]	15.1
Borden	413	15.5	18.0
Holiday	414	15.5	NE
Boston Edison	415	15.4	8.6
Ingles Markets	416	15.4[b]	12.4
CNA Financial	417	15.4	17.4
Texas Utilities	418	15.4	13.1
Ameritech	419	15.4[b]	16.5
FW Woolworth	420	15.4	16.0
Echlin	421	15.4	10.3
Boatmen's Bancshares	422	15.3	12.2
AmSouth Bancorp	423	15.3	13.1
Houston Industries	424	15.3	12.6
Dexter	425	15.3	12.8
Guilford Mills	426	15.3	14.3
Iowa-Illinois G&E	427	15.2	13.4
Alltel	428	15.2	21.1
Allegheny Power	429	15.2	13.8
Bank of New England	430	15.2	15.5
American Greetings	431	15.2	6.9
K mart	432	15.2	16.4
Arvin Industries	433	15.1	2.7
Signet Banking	434	15.1	25.9
Southern Company	435	15.1%	12.0%
Centerior Energy	436	15.1	10.1
Delchamps	437	15.1	13.6
Cooper Tire & Rubber	438	15.1	16.2
Bank of New York	439	15.1	17.4
Bindley Western Inds	440	15.1	3.9
Multimedia	441	15.1[a]	NE
Grumman	442	15.0	3.1
Coastal Corp	443	15.0	12.4
Willamette Inds	444	15.0	26.1
Ohio Edison	445	15.0	10.8
Nucor	446	15.0	15.5
Delmarva Power & Lt	447	15.0	12.3
GAF	448	15.0	16.8
Meridian Bancorp	449	15.0	12.0
Gt Western Financial	450	14.9	10.4
First American	451	14.9	8.9
Kentucky Central Life	452	14.9	10.0
Scana	453	14.9	13.3
Millipore	454	14.9	16.2
Coachmen Industries	455	14.9	2.8
Southwest Gas	456	14.8	13.8
BellSouth	457	14.8[b]	13.9
Longview Fibre	458	14.8	33.0
TECO Energy	459	14.8	14.6
Roadway Services	460	14.8	10.2
Union Electric	461	14.7	14.8
American Express	462	14.7[b]	16.8
Walt Disney	463	14.7	27.1
MNC Financial	464	14.7	17.6
Figgie Intl	465	14.6	18.0
First Tennessee Natl	465	14.6	11.9
Trinova	467	14.6	13.2
Jamesway	468	14.6	8.2
Detroit Edison	469	14.6	9.5
Uslico	470	14.6	12.8
Enron	471	14.6[b]	5.0
Bergen Brunswig	472	14.6	18.2
Cincinnati Bell	473	14.5	19.0
Masco Industries	474	14.5[a]	13.2
FMC	475	14.5[b]	NE
Bell Atlantic	476	14.5[b]	14.9
Moore Corp	477	14.5	14.3
Bowater	478	14.4	20.1
Healthco Intl	479	14.4	10.7
Monarch Capital	480	14.4	6.6
Duke Power	481	14.4	14.4
Carter-Wallace	482	14.4	15.8
Piedmont Natural Gas	483	14.4	18.4
Consolidated Edison	484	14.4	13.3
National Medical	485	14.4	15.8
Indiana National	486	14.4	13.1
Oxford Industries	487	14.3	def
Hanover Insurance	488	14.3	22.2
JP Morgan & Co	489	14.3	19.7
TRW	490	14.3	19.3
Procter & Gamble	491	14.3	17.5
Cincinnati G&E	492	14.3	11.9
Consol Natural Gas	493	14.2	12.5
PaineWebber Group	494	14.2	3.5
Computer Sciences	495	14.2	14.0
Fleming Cos	496	14.2	9.0
Toro	496	14.2%	24.8%
Mapco	498	14.2	19.4
Society	499	14.2	17.1
Tecumseh Products	500	14.2	12.2
Brooklyn Union Gas	501	14.2	13.7
Carolina Power & Lt	502	14.2	8.0
Universal Foods	503	14.1	16.2
Village Super Market	504	14.1	14.7
United Artists	505	14.1	32.5
Culbro	506	14.1	6.3
Nynex	507	14.1[b]	14.2
Rochester Telephone	508	14.1	12.6
Morrison	509	14.1	17.5
American Natl Ins	510	14.1	5.6
Phillips-Van Heusen	511	14.0	54.8
Provident Life & Acc	512	14.0	6.5
Lubrizol	513	14.0	11.3
Washington Gas Light	514	14.0	13.4
Alco Standard	515	14.0	18.6
Esselte Business Sys	516	14.0	13.4
USAir Group	517	14.0	8.5
Atlantic Energy	518	13.9	14.5
So N England Tele	519	13.9	14.0
Pinnacle West	520	13.9	8.2
Bankers Trust NY	521	13.9	26.2
Orange & Rockland	522	13.8	14.5
Oklahoma G&E	523	13.8	17.0
US West	524	13.8[b]	15.0
Johnson Controls	525	13.8	13.6
FPL Group	526	13.8	13.9
Ogden	527	13.8	14.9
Amoco	528	13.8	17.1
American General	529	13.8	10.0
General Re	530	13.8	18.1
Iowa Resources	531	13.7	9.5
Carlisle Cos	532	13.7	12.6
Southwestern Bell	533	13.7[b]	12.2
Nashua	534	13.7	14.8
SPX	535	13.7	11.2
Bemis	536	13.7	16.1
Pacific Telesis	537	13.7[b]	13.9
CalFed	538	13.6[b]	11.6
Louisville G&E	539	13.6	13.5
Litton Industries	540	13.5	15.7
First Fidelity Bncp	541	13.5[b]	11.2
Federal Paper Board	542	13.5	22.7
Consol Freightways	543	13.5	13.5
National Fuel Gas	544	13.5	10.8
Republic New York	545	13.5	12.1
Selective Insurance	546	13.5	23.5
Chubb	547	13.4	16.2
Owens & Minor	548	13.4	11.7
Ruddick	549	13.4	14.0
Contel	550	13.4	9.0
United Brands	551	13.3	16.0
American President	552	13.3[b]	11.8
Pub Svc Enterprise	553	13.3	13.7
Huntington Bshs	554	13.3	13.7
Washington Mutual	555	13.3[b]	11.0
Kansas City P&L	556	13.3	13.6
Scott Paper	557	13.3	23.6
Independent Ins	558	13.3	7.7

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WHO'S WHERE IN PROFITABILITY

Company	Return on equity rank	5-year average	Latest 12 months
McDonnell Douglas	559	13.3%	10.0%
Centex	560	13.2	7.7
Pacific G&E	561	13.2	7.7
Dominion Resources	562	13.2	14.2
Jerrico	563	13.2	8.3
Federal Express	564	13.2	15.1
Standard Shares	565	13.2	10.8
Crown Cork & Seal	566	13.2	14.4
Kemper	567	13.1	12.9
Intl Multifoods	568	13.1	10.0
Nash Finch	569	13.1	15.0
Tandem Computers	570	13.1	12.4
Kentucky Utilities	571	13.1	15.9
CILcorp	572	13.1	10.0
Public Service Colo	573	13.1	15.9
Sears, Roebuck	574	13.1	10.7
Fay's Drug	575	13.1	16.3
Security Pacific	576	13.0	13.3
Airborne Freight	577	13.0	5.6
Kaufman & Broad	578	13.0	14.4
Central Ill Pub Svc	579	13.0	14.0
Trustcorp	580	12.9	14.7
Parker-Hannifin	581	12.9	13.1
Raychem	582	12.8	18.8
Questar	583	12.8	3.3
Dennison Mfg	584	12.8	14.6
Kroger	585	12.8	18.6
Rochester G&E	586	12.8	9.3
JC Penney	587	12.8	15.5
Avon Products	588	12.8	def
Gulf States Utils	589	12.8	4.1
Dana	590	12.7	15.9
Alco Health Services	591	12.7[a]	14.0
Univar	592	12.7	15.3
Becton Dickinson	593	12.7	18.5
Durr-Fillauer	594	12.7	8.6
Emhart	595	12.7	14.2
Brown Group	596	12.7	12.0
Midwest Energy	597	12.7	16.0
Long Island Lighting	598	12.7	7.9
Wendy's Intl	599	12.7	6.3
Foremost Corp of Am	600	12.7	11.6
American Electric	601	12.6	13.7
NY State E&G	602	12.6	8.9
McKesson	603	12.6	13.4
Textron	604	12.6	11.4
Standex International	605	12.6	9.0
Jefferson-Pilot	606	12.6	7.1
Primerica	607	12.6	17.7
US Bancorp	608	12.6	12.6
Natl Convenience	609	12.6	0.3
Bank of Boston	610	12.6	11.7
US Shoe	611	12.6	3.1
Media General	612	12.5	14.1
Merrill Lynch	613	12.5	5.8
NBD Bancorp	614	12.5	16.3
Duquesne Light	615	12.5	11.0
Gt Am First Savings	616	12.5[b]	6.6
General Development	617	12.5	9.1
Gerber Products	618	12.5	14.3
Hartmarx	619	12.5	10.8
Arkla	620	12.4	9.2
Geo A Hormel	621	12.4%	16.2%
Temple-Inland	622	12.4[b]	19.8
Philadelphia Elec	623	12.4	14.2
Std Commercial	624	12.4	7.3
Blount	625	12.4	3.2
Commerce Bcshs	626	12.4	13.4
Lincoln National	627	12.4	5.5
Wicor	628	12.4	13.8
Federal-Mogul	629	12.3	13.8
Home Federal S&L	630	12.3[b]	12.4
First Bank System	631	12.3	11.4
Amdahl	632	12.3	25.5
Seagram	633	12.3	13.3
TW Services	634	12.2	14.3
Baxter International	635	12.2	10.1
Paccar	636	12.2	20.6
Bassett Furniture Ind	637	12.2	6.9
American Medical	638	12.2	11.1
American Cyanamid	639	12.1	16.2
Amer Water Works	640	12.1	10.8
Pennsylvania P&L	641	12.1	14.2
DPL	642	12.1	11.7
Niagara Mohawk Pwr	643	12.1	7.2
Digital Equipment	644	12.1	17.5
Public Service NM	645	12.0	def
Comerica	646	12.0	19.4
Union Texas Petrol	647	12.0[a]	44.9
Atlanta Gas Light	648	12.0	12.8
Transamerica	649	12.0	13.6
Central Hudson G&E	650	11.9	8.1
First Maryland Bncp	651	11.9	12.1
GTE	652	11.9	15.1
Briggs & Stratton	653	11.9	9.6
Southwest Airlines	654	11.9	9.8
Southeast Banking	655	11.9	18.8
Union Camp	656	11.8	19.4
Westvaco	657	11.8	17.1
Montana Power	658	11.8	9.4
Wells Fargo	659	11.8	20.4
Engelhard	660	11.7	7.8
Valmont Industries	661	11.7	18.6
El du Pont	662	11.6	15.1
Interlake	663	11.6	17.9
Portland General	664	11.6	8.1
Marsh Supermarkets	665	11.5	13.4
Delta Air Lines	666	11.5	16.8
IE Industries	667	11.5	13.6
DeSoto	668	11.5	3.0
Dow Chemical	669	11.5	36.9
Harsco	670	11.4	15.4
Hawaiian Electric	671	11.4	10.5
Manufacturers Natl	672	11.3	9.2
Constar Intl	673	11.3	11.3
Utah Power & Light	674	11.3	14.9
Great A&P Tea	675	11.3	13.6
Ohio Casualty	676	11.3	11.9
Hospital Corp	677	11.3	13.9
United Technologies	678	11.3	15.8
Motorola	679	11.2	14.1
Pope & Talbot	680	11.2	22.1
Rykoff-Sexton	681	11.2	12.6
BMA Corp	682	11.2	5.3
Tyler	683	11.2%	13.5%
Pacific Enterprises	684	11.2	13.8
General Public Utils	685	11.1	15.6
Middle South Utils	686	11.1	7.2
Colgate-Palmolive	687	11.1	19.3
Unocal	688	11.1	def
Mead	689	11.0	26.4
Gt Northern Nekoosa	690	11.0	25.2
Chevron	691	10.9	13.1
Owens-Corning	692	10.9[b]	NE
Scotty's	693	10.9	2.5
Corning Glass Works	694	10.9	19.3
CalMat	695	10.8	13.3
MCA	696	10.8	7.1
Continental Corp	697	10.7	4.0
Hughes Supply	698	10.7	11.5
Edison Bros Stores	699	10.7	def
Air Prods & Chems	700	10.6	18.9
Atlantic Richfield	701	10.6	26.1
Turner	702	10.6	6.5
Omnicom Group	703	10.6[b]	19.2
NCH Corp	704	10.5	18.6
Archer-Daniels	705	10.5	14.5
Union Carbide	706	10.5	41.0
Lancaster Colony	707	10.5	16.0
Glenfed	708	10.4[a]	15.5
West Point-Pepperell	709	10.4	12.3
United Illuminating	710	10.4	13.3
Coleman	711	10.3	13.3
Stone Container	712	10.3	39.3
Quantum Chemical	713	10.3	35.6
Barnes Group	714	10.2	16.1
Zurn Industries	715	10.2	10.8
Mobil	716	10.2	12.6
Aetna Life & Cas	717	10.2	11.6
Ferro	718	10.2	16.9
Riggs National	719	10.2	7.0
Church's Fried	720	10.1	1.6
Central Maine Power	721	10.1	14.8
Caesars World	722	10.1	31.0
American Building	723	10.1	8.9
Travelers	724	10.1	def
Lincoln Electric	725	10.1	16.4
Greyhound	726	10.0	2.8
Nortek	727	10.0	def
Puget Sound P&L	728	9.9	13.9
Grow Group	729	9.9	def
Kansas Gas & Elec	730	9.9	10.5
Burlington Northern	731	9.9	8.2
Sundstrand	732	9.9	def
WR Berkley	733	9.9	22.4
Diversified Energies	734	9.9	13.3
Union Bank	735	9.9	13.4
Eastman Kodak	736	9.8	22.1
Danaher	737	9.8	35.8
Outboard Marine	738	9.8	14.0
Potlatch	739	9.8	16.9
Central Steel & Wire	740	9.8	21.8
No'western Natl Life	741	9.7	8.3
Universal Health	742	9.7	0.0
American Bankers	743	9.6	16.6
Mercantile Bancorp	744	9.6	2.8

NA: Not available. NE: Negative equity. def: Deficit. a: Three-year average. b: Four-year average.

Company	Return on equity rank	5-year average	Latest 12 months
Gulf & Western	745	9.6%	17.6%
USF&G	746	9.6	14.5
Georgia-Pacific	747	9.6	17.5
Equitable of Iowa	748	9.5	7.2
Tektronix	749	9.5	def
Valley National	750	9.4	2.8
Whittaker	751	9.4	12.6
Phillips Petroleum	752	9.4	32.5
Cooper Industries	753	9.3	12.8
Interco	754	9.3	11.5
Integrated Resources	755	9.3	6.8
ITT	756	9.2	13.8
Perkin-Elmer	757	9.2	10.6
Wang Laboratories	758	9.2	5.3
Oneok	759	9.2	6.7
Norfolk Southern	760	9.2	13.0
Xerox	761	9.1	11.3
American Tel & Tel	762	9.1[b]	15.0
Chesapeake	763	9.1	21.4
Harris Corp	764	9.0	7.0
General Signal	765	9.0	2.8
KN Energy	766	9.0	15.9
United Banks of Colo	767	8.8	4.3
Gibraltar Financial	768	8.8	def
RLC	769	8.8	13.9
Sun Company	770	8.8	0.2
Unisys	771	8.7	15.8
Monsanto	772	8.6	15.6
Michigan National	773	8.4	17.2
Alberto-Culver	774	8.4	20.8
Avnet	775	8.4	7.6
AmeriTrust	776	8.3	12.0
Perry Drug Stores	777	8.3	def
Lone Star Industries	778	8.1	4.7
Weyerhaeuser	779	8.1	15.0
Columbia Pictures	780	8.1	def
Seaway Food Town	781	8.0	41.4
Bell Industries	782	8.0	10.8
Advanced Micro	783	8.0	6.3
Springs Industries	784	8.0	9.0
Commercial Metals	785	8.0	16.6
USLife	786	8.0	7.9
Noland	787	8.0	7.3
SPS Technologies	788	7.9	4.3
Federal Natl Mortgage	789	7.9[b]	30.0
Beverly Enterpr	790	7.9	def
Texas Industr	791	7.9	3.9
Tele-Commun	792	7.8	0.6
Varian Associates	793	7.8	6.4
Quaker State	794	7.8	4.0
St Paul Cos	795	7.8	18.3
Wickes Cos	796	7.7[a]	0.7
NWA	797	7.7	6.6
Guy F Atkinson	798	7.7	def
Skyline	799	7.7	10.0
Pacific Resources	800	7.6	7.8
Pennzoil	801	7.6[b]	def
Craig	802	7.5	19.3
Kansas City Southern	803	7.5	5.9
American Capital	804	7.5[b]	def
Transco Energy	805	7.5	def
Pennwalt	806	7.4	10.7
Munford	807	7.4%	def
Texas Eastern	808	7.3	12.3%
Centerre Bancorp	809	7.3	7.1
Service Merchandise	810	7.3	17.4
UAL	811	7.3	74.0
Foster Wheeler	812	7.3	1.6
Santa Fe Southern	813	7.3	def
United Telecom	814	7.2	10.2
Foodarama Supermkts	815	7.2	15.6
First Wisconsin	816	7.2	16.8
DWG	817	7.1	28.9
IC Industries	818	7.1	17.3
Polaroid	819	7.0	2.4
Intel	820	7.0	31.8
Emery Air Freight	821	7.0	def
Mitchell Energy	822	7.0	0.3
Boise Cascade	823	6.9	18.3
Louisiana-Pacific	824	6.9	13.0
Medco Containment	825	6.8[a]	9.1
CNW	826	6.8	12.6
Fireman's Fund	827	6.8	15.6
Adolph Coors	828	6.7	4.7
Ashland Oil	829	6.7	19.2
Union Pacific	830	6.6	14.4
International Paper	831	6.5	16.3
Morrison-Knudsen	832	6.5	def
CSX	833	6.5	2.9
Northeast Savings FA	834	6.4[b]	def
Cummins Engine	835	6.4	def
Carson Pirie Scott	836	6.4	2.7
Cabot	837	6.4	10.6
Champion Intl	838	6.4	14.3
Irving Bank	839	6.4	8.1
First Interstate Bncp	840	6.4	def
Allied-Signal	841	6.3	14.1
Beneficial Corp	842	6.3	15.9
Premier Bancorp	843	6.3	def
Chemical Banking	844	6.3	44.5
Intermark	845	6.3	14.7
Volt Info Sciences	846	6.3	def
Occidental Petroleum	847	6.1	5.7
Newmont Mining	848	6.1	NE
Louisiana Land	849	6.0	def
Preston	850	5.9	0.0
Child World	851	5.9[a]	4.6
Carpenter Technology	852	5.9	9.5
Chase Manhattan	853	5.9	26.8
Honeywell	854	5.8	6.0
Bearings	855	5.7	12.7
Norwest	856	5.7	19.4
Dallas Corp	857	5.6	5.5
AO Smith	858	5.6	4.7
American Carriers	859	5.6	def
Imperial Corp of Am	860	5.6	15.0
First Security	861	5.6	8.3
Nipsco Industries	862	5.5	7.8
Manville	863	5.4	13.8
Wyman-Gordon	864	5.4	3.0
Columbia Gas System	865	5.4	6.0
American Maize	866	5.4	6.2
Alexander's	867	5.4	def
Fieldcrest Cannon	868	5.3	def
Alcoa	869	5.3%	20.1%
Warner Commun	870	5.3	27.7
Penn Central	871	5.2	4.6
Cigna	872	5.1	9.1
Crane	873	5.1	17.9
Scientific-Atlanta	874	5.1	13.8
Eagle-Picher Inds	875	5.0	20.4
American Petrofina	876	4.9	15.5
Zenith Electronics	877	4.9	def
Washington National	878	4.8	def
Atlantic Financial	879	4.7[b]	6.4
Ross Stores	880	4.7	17.5
Talley Industries	881	4.7	1.4
Hadson	882	4.6	5.0
Schlumberger	883	4.6	17.5
Olin	884	4.6	13.7
Amoskeag	885	4.6	def
Ingersoll-Rand	886	4.5	12.5
PS Group	887	4.5	21.2
Alcan Aluminium	888	4.4	21.6
Gordon Jewelry	889	4.3	def
Handy & Harman	890	4.3	6.1
M/A-Com	891	4.3	7.6
Kennametal	892	4.3	14.4
Citicorp	893	4.1	def
Statesman Group	894	4.0	0.3
Champion Spark Plug	895	4.0	4.0
Texas Instruments	896	4.0	20.8
Sonat	897	3.9	8.7
Lafarge	898	3.9	16.2
Eastern Gas & Fuel	899	3.9	10.6
UGI	900	3.8	14.2
Alexander & Alex	901	3.5	15.7
Di Giorgio	902	3.4	8.7
Black & Decker	903	3.4	14.8
Northern Trust	904	3.2	6.4
Tenneco	905	3.2	0.5
Commercial Credit	906	3.2	14.5
Ramada	907	3.2	0.5
Mfrs Hanover	908	2.9	27.5
Genesco	909	2.8	12.0
Lukens	910	2.8	20.0
Allied Products	911	2.8	def
Combustion Eng	912	2.7	2.1
Perini	913	2.5	12.3
Data General	914	2.5	def
Enserch	915	2.4	def
MCI Commun	916	2.4	19.2
Trinity Industries	917	2.1	10.3
Earle M Jorgensen	918	2.0	6.7
Butler Manufacturing	919	2.0	6.5
Horn & Hardart	920	2.0	def
LB Foster	921	1.9	26.8
Williams Cos	922	1.8	12.7
Amerada Hess	923	1.8	def
Intl Minerals & Chem	924	1.8	10.6
WR Grace	925	1.8	13.5
Great Amer Mgmt	926	1.7	4.3
MCorp	927	1.6	def
Kerr-McGee	928	1.5	6.7
Allen Group	929	1.5	def
Murphy Oil	930	1.5	def

NA: Not available. NE: Negative equity. def: Deficit. a: Three-year average. b: Four-year average.

WHO'S WHERE IN PROFITABILITY

Company	rank	Return on equity 5-year average	Return on equity Latest 12 months
First Chicago	931	1.3%	17.2%
Crown Central Pet	932	1.0	39.3
Thorn Apple Valley	933	1.0	12.1
Reynolds Metals	934	0.9	25.8
Norton	935	0.8	16.0
Halliburton	936	0.6	5.2
Bally Manufacturing	937	0.5	5.7
Panhandle Eastern	938	0.3	def
GATX	939	0.3	19.6
Nicor	940	0.2	18.2
Public Service NH	941	0.2	def
Lorimar-Telepictures	942	def	def
Stewart & Stevenson	943	def	20.3
Mellon Bank	944	def	def
Cross & Trecker	945	def	12.6
Dresser Industries	946	def	7.7
Caterpillar	947	def	16.6
CBI Industries	948	def	3.3
National-Standard	949	def	7.4
Timken	950	def	5.4
CRS Sirrine	951	def	14.3
Texaco	952	def	def
General Instrument	953	def	15.0
Soo Line	954	def	6.7
Deere	955	def	13.7
Orion Pictures	956	def	6.7
Nati Semiconductor	957	def	0.9
Mack Trucks	958	def	1.0
CMS Energy	959	def	20.2
Valero Energy	960	def	def
Comstock Group	961	def	def
Maxicare Health	962	def	NE
Phelps Dodge	963	def	31.8
BF Goodrich	964	def	17.7
Jacobs Engineering	965	def	20.5
Orion Capital	966	def	16.8
Asarco	967	def	19.0
Ampco-Pittsburgh	968	def	def
TIE/Communications	969	def	def
Fischbach	970	def	def
Inland Steel Inds	971	def	17.7
McDermott Intl	972	def	def
Westmoreland Coal	973	def	def
Inco	974	def	46.9
Harnischfeger Inds	975	def	8.0
First Pennsylvania	976	def	15.5
Clark Equipment	977	def	5.8
Texas American Bcsh	978	def	def
Cincinnati Milacron	979	def	def
HH Robertson	980	def	def
National Intergroup	981	def	def
Copperweld	982	def	19.5
USX	983	def	10.6
Sprague Technologies	984	def	4.2
Florida Federal S&L	985	def[b]	def
Meritor Financial	986	def[b]	def
Fluor	987	def	31.9
Kerr Glass Mfg	988	def	def
Arrow Electronics	989	def	def
Pittston	990	def	def
Control Data	991	def	2.4
UNC	992	def	11.2
Foxboro	993	def	def
BankAmerica	994	def	14.6%
Costco Wholesale	995	def[a]	12.6
United Merchants	996	def	def
Todd Shipyards	997	def	def
Lone Star Tech	998	def	def
US Home	999	def	def
Cyprus Minerals	1000	def[a]	13.0
MA Hanna	1001	def	23.0
Cameron Iron Works	1002	def	def
Datapoint	1003	def	def
Itel	1004	def[b]	6.0
Borman's	1005	def	def
Tesoro Petroleum	1006	def	def
Triangle Industries	1007	def[b]	def
Bethlehem Steel	1008	def	26.1
Baker Hughes	1009	def	6.0
Businessland	1010	def	19.1
Dravo	1011	def	def
AMAX	1012	def	22.3
NL Industries	1013	def	NE
Armco	1014	def	6.8
PACE Membership	1015	def	5.7
Fairchild Industries	1016	def	11.7
Inspiration Resources	1017	def	9.4
American Hoist	1018	def	2.9
Continental Illinois	1019	def	def
Wilson Foods	1020	def	9.3
Charter	1021	def[a]	98.3
United Financial	1022	def	NE
Smith International	1023	def	23.3
America West Air	1024	def[b]	def
Mattel	1025	def[b]	def
Ideal Basic Inds	1026	def[b]	def
Grossman's	1027	def[b]	14.2
Wheeling-Pittsburgh	1028	def[a]	NE
ADVO-System	1029	def[b]	def
Western Union	1030	def[b]	def
Savin	1031	def[a]	NE
Allegheny Intl	1032	def	NE
Texas Air	1033	def[a]	def
LTV	1034	def[b]	NE
Allis-Chalmers	1035	def[a]	NE
Storage Technology	1036	def[a]	8.8
Pan Am	1037	def	NE
Tiger International	1038	def[a]	293.7
AH Robins	1039	def[a]	NE
Alleghany		NA	9.1
Allegheny Ludlum		NA	45.5
AM International		NA	def
AmeriFirst Bank		NA	def
Anchor Savings Bank		NA	def
Aristech Chemical		NA	41.6
Atari		NA	18.6
Avondale Industries		NA	0.7
Balfour Maclaine		NA	def
Bear Stearns Cos		NA	0.0
Benj Franklin S&L		NA	8.7
Budget Rent a Car		NA	18.5
Cannon Group		NA	NE
Carter Hawley Hale		NA	NA
Castle & Cooke		NA	19.7
Coast S&L Assn		NA	11.3%
Coca-Cola Enterprises		NA	6.7
Commercial Federal		NA	1.1
Consolidated Rail		NA	8.0
CrossLand Savings		NA	12.6
Cyclops Industries		NA	NE
Diamond Shamrock		NA	11.2
Dime Savings Bank		NA	8.1
Edgcomb		NA	30.2
Empire of America		NA	def
FHP International		NA	52.3
Finevest Foods		NA	15.0
Foodmaker		NA	16.0
Formica		NA	34.1
Fruehauf		NA	NE
Fruit of the Loom		NA	25.8
Gaylord Container		NA	93.6
General Mills		NA	73.7
GM Hughes		NA	3.5
Genlyte Group		NA	NA
Georgia Gulf		NA	112.3
Goldome		NA	def
Harley-Davidson		NA	37.0
Henley Group		NA	def
Henley Mfg		NA	0.0
Hills Dept Stores		NA	NE
Home Group		NA	9.3
Home Shopping		NA	15.4
IBP		NA	12.3
IMC Fertilizer Group		NA	NA
InterTAN		NA	15.3
Leslie Fay Cos		NA	21.2
LVI Group		NA	def
Magma Copper		NA	def
MAI Basic Four		NA	30.3
Maxus Energy		NA	def
MGM/UA Commun		NA	def
Michigan Consol		NA	18.5
MMR Holding		NA	29.9
Morgan Stanley		NA	30.3
Navistar Intl		NA	30.1
Neiman Marcus		NA	NA
Penn Traffic		NA	43.2
People's Bank		NA	0.0
Premark Intl		NA	17.1
Rexene		NA	0.0
Richfood Holding		NA	0.0
Charles Schwab		NA	0.0
EW Scripps		NA	5.7
SSMC		NA	0.8
Standard Fedl Bank		NA	16.3
Sterling Chemicals		NA	276.0
Talman Home Federal		NA	8.5
TCF Financial		NA	def
Tosco		NA	59.5
Turner Broadcasting		NA	NE
UNUM Corp		NA	8.7
Varity Corp		NA	22.8
Viacom		NA	0.0
Vons Cos		NA	def
VWR Corp		NA	12.4
York International		NA	11.4

NA: Not available. NE: Negative equity. def: Deficit. a: Three-year average. b: Four-year average.

WHO'S WHERE IN THE INDUSTRY GROUPS

The resurgence of heavy industry will shuffle the order of industry leaders and laggards. This is only the beginning.

By Douglas W. Kertrey

DESPITE PREDICTIONS TO THE CONTRARY, the prosperity of the Eighties continued into 1988. For the 1,116 companies surveyed in this report, both five-year average and latest 12-month return on equity improved. Median long-term profitability jumped from 12.8% to 13.9%, while latest 12-month return on equity went from 13.6% to 14.1%.

This year the same nine industries are at the top, though their order is slightly juggled. But this is where similarity with previous lists comes to an end. Tenth-place consumer products, with a five-year average return on equity of 15.8%, displaced electric utilities, which dropped to 15th place with a five-year profitability of 13.9%. The automotive group, which continues to pull away from the depths of the 1981-82 recession, made a bold move up 11 notches from last year as it moved into 12th position with a five-year average return on equity of 14.3%. It may become tougher for this group to climb much higher. Latest 12-month results are almost flat, possibly a sign that many of these companies may be approaching a cyclical peak.

Problems in the brokerage subindustry are likely to pull down the future ranking of the financial services industry. Latest 12-month returns for financial services are only 9.8%, versus 15.9% for five-year results. Retailing and banks and thrifts also appear on the verge of slipping a few notches. In total, 12 of the 31 major industry groups have 12-month return on equity below their five-year averages.

Who is on the rebound? Paper has a five-year profitability of 11.8% but a 12-month return on equity of 21.8%. All of the ten lowest-ranked industries have outperformed their historical marks in the past 12 months. Heavy equipment, for example, has gone from 5% to 12.8%. ■

Yardsticks of management performance	**Profitability**					**Growth**					
	Return on equity					Sales			Earnings per share		
Industry (number of companies)	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Beverages and tobacco (17)	1	19.6%	19.7%	44.9%	8.0%	10	11.3%	10.3%	6	12.3%	20.2%
Alcoholic beverages (4)		15.5	16.1	43.3	9.4		10.3	8.7		8.1	19.2
Soft drinks (4)		25.2	24.1	103.2	5.4		6.6	11.5		16.1	13.8
Tobacco (9)		18.7	22.3	67.4	8.1		11.6	15.7		11.3	28.3
Communications media (33)	2	19.4	17.6	48.2	6.4	9	11.6	14.2	7	12.1	18.4
Publishing (22)		21.7	18.3	47.0	7.6		10.6	8.7		13.5	16.9
Broadcasting/cable (7)		15.1	0.6	282.4	4.3		32.3	17.9		–8.8	127.0
Media services (4)		15.2	18.2	13.5	4.2		14.6	16.6		NM	18.7
Industrial and office services (46)	3	18.6	14.8	31.5	4.2	4	14.4	13.8	3	16.3	19.3
Industrial services (14)		21.3	16.6	43.7	4.7		14.4	19.7		20.5	21.0
Office products, services (32)		18.3	14.5	26.9	4.2		14.4	12.0		16.2	16.1

def: Deficit. NM: Not meaningful. For further explanation, see page 77.

Yardsticks of management performance	Profitability					Growth					
	Return on equity					Sales			Earnings per share		
Industry (number of companies)	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Food processors (41)	**4**	**18.2%**	**17.8%**	**57.4%**	**4.2%**	**20**	**8.4%**	**8.0%**	**8**	**11.6%**	**19.1%**
Food commodities (4)		15.1	11.4	26.4	3.5		10.3	14.7		0.6	10.8
Meatpacking (10)		17.1	14.2	82.4	1.3		8.5	8.2		25.3	23.2
Branded foods (27)		19.3	20.9	53.4	5.1		8.3	7.6		11.3	19.1
Electrical equipment (12)	**5**	**17.7**	**18.3**	**18.3**	**7.0**	**15**	**9.6**	**10.5**	**9**	**11.0**	**15.5**
Health (48)	**6**	**16.8**	**16.2**	**33.8**	**5.8**	**6**	**13.3**	**11.8**	**5**	**12.9**	**16.3**
Drugs (23)		17.8	19.8	14.6	8.3		9.7	10.1		12.9	15.6
Medical supplies (14)		17.6	17.4	29.9	9.2		12.9	13.9		15.8	22.9
Health care services (11)		13.3	5.8	139.5	1.3		21.2	15.1		–40.3	–78.3
Food distributors (56)	**7**	**16.1**	**15.7**	**75.4**	**1.4**	**16**	**9.5**	**8.7**	**10**	**8.8**	**20.6**
Wholesale and supply (14)		15.5	15.0	89.5	1.0		13.4	12.6		8.2	22.4
Major supermarkets (5)		18.3	16.6	39.0	1.2		8.2	6.7		6.0	28.3
Regional supermarkets (21)		15.8	17.7	84.0	1.7		8.5	8.8		16.9	21.4
Convenience stores (4)		14.6	7.6	227.6	0.5		19.5	10.1		NM	12.1
Restaurant chains (12)		15.3	14.8	48.1	3.4		10.0	6.0		8.0	16.7
Financial services (29)	**8**	**15.9**	**9.8**	**132.6**	**3.4**	**3**	**15.1**	**11.6**	**21**	**0.3**	**–8.8**
Financial companies (16)		15.3	16.3	241.0	4.1		10.6	11.6		–8.2	20.6
Brokerage houses (9)		17.2	5.8	54.4	2.8		22.2	–2.6		–2.4	–34.7
Commodity traders (4)		12.4	11.9	27.7	1.8		9.6	25.4		5.6	–8.2
Consumer products (53)	**9**	**15.8**	**16.1**	**36.7**	**4.9**	**8**	**12.0**	**11.6**	**13**	**7.8**	**19.8**
Appliances (17)		16.3	14.8	41.2	3.3		12.0	11.3		4.1	19.8
Home furnishings (15)		14.0	15.3	43.0	4.9		18.4	11.5		8.0	9.2
Household products (3)		10.0	2.8	86.7	0.9		5.6	13.3		–9.2	–84.0
Personal products (18)		16.3	22.8	20.3	8.2		10.3	12.7		12.5	30.3
Retailing (81)	**10**	**15.8**	**13.8**	**45.7**	**2.6**	**5**	**13.3**	**12.6**	**14**	**7.2**	**7.5**
Apparel (10)		21.0	14.4	30.8	4.0		21.9	12.1		17.1	–22.1
Catalog showrooms (3)		7.3	15.9	235.8	1.8		17.3	9.6		NM	–19.8
Department stores (12)		12.9	12.8	64.6	3.0		6.6	6.5		7.8	14.5
Discount and variety (13)		16.2	11.7	45.7	2.0		15.2	11.9		10.6	14.0
Drugs (8)		14.6	15.0	66.2	2.8		14.5	9.9		–1.9	11.6
Jewelry (2)		13.3	25.8	29.5	5.7		3.7	–1.5		NM	NM
Shoes (4)		10.0	11.7	46.9	2.6		2.6	–1.2		NM	–21.6
Miscellaneous (29)		14.8	14.2	44.5	2.4		21.1	21.4		9.4	14.0
Aerospace and defense (49)	**11**	**14.5**	**14.1**	**32.8**	**3.9**	**22**	**8.3**	**6.0**	**11**	**8.5**	**20.3**
Automotive (46)	**12**	**14.3**	**14.4**	**44.3**	**3.7**	**21**	**8.4**	**11.7**	**12**	**8.1**	**20.1**
Automobiles and trucks (10)		23.5	13.7	35.8	3.5		11.9	14.5		14.2	–25.3
Automotive parts (28)		12.5	13.9	48.4	3.7		8.0	11.4		1.9	21.7
Recreational vehicles (5)		16.5	10.0	1.1	3.5		14.7	10.4		15.0	22.3
Tire and rubber (3)		15.9	25.1	27.6	4.9		7.7	15.1		12.5	19.2
Apparel, shoes and textiles (23)	**13**	**14.0**	**14.3**	**44.1**	**4.3**	**11**	**11.2**	**10.0**	**23**	**–2.1**	**8.2**
Apparel (11)		14.3	18.3	40.8	4.7		5.2	10.0		7.5	13.1
Shoes (4)		15.6	19.9	25.9	5.9		8.3	21.9		–12.0	–22.9
Textiles (8)		9.2	11.7	87.3	3.5		15.7	9.4		NM	–2.7
Insurance (74)	**14**	**14.0**	**13.3**	**26.0**	**5.7**	**2**	**15.4**	**7.9**	**4**	**14.1**	**–6.7**
Brokers (2)		19.5	26.9	27.7	9.3		14.2	4.8		NM	1.9
Diversified (27)		14.6	13.9	23.1	6.5		15.2	7.0		15.3	–0.7
Life and health (24)		14.1	7.5	27.6	4.1		20.8	13.7		17.4	–29.9
Property and casualty (21)		13.4	16.2	27.3	7.4		14.6	7.8		9.0	3.3
Electric utilities (84)	**15**	**13.9**	**13.4**	**100.2**	**11.1**	**26**	**4.1**	**3.4**	**17**	**2.6**	**0.3**
Northeast (24)		13.1	12.8	103.8	10.1		2.6	3.5		1.1	1.7
North central (29)		14.7	13.6	100.0	11.6		2.7	3.2		0.8	0.0
Southeast (10)		14.3	13.9	88.7	11.1		7.1	2.1		6.2	2.4
South central (8)		15.4	12.8	102.0	13.3		3.8	2.3		1.4	–7.8
Western (13)		13.1	13.9	96.2	10.4		5.3	8.2		0.9	4.9

def: Deficit. NM: Not meaningful. For further explanation, see page 77

Yardsticks of management performance	Profitability					Growth					
	Return on equity					Sales			Earnings per share		
Industry (number of companies)	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Banks and thrifts (122)	**16**	**13.9%**	**12.5%**	**41.3%**	**6.8%**	**7**	**12.1%**	**12.2%**	**20**	**1.2%**	**15.0%**
Multinational (11)		5.9	17.2	78.3	5.9		1.6	13.8		NM	NM
Northeast (8)		15.6	15.1	46.2	8.4		12.7	19.8		7.7	17.4
Mid-Atlantic (15)		15.1	15.5	33.9	8.7		12.9	17.2		8.8	14.9
North central (22)		12.5	14.3	27.3	8.9		8.9	11.8		3.7	34.3
Southeast (13)		16.3	16.4	27.9	9.9		14.0	12.6		12.5	9.7
South central (3)		1.6	def	23.7	def		12.2	–8.5		NM	NM
Western (9)		9.9	12.6	50.7	6.0		6.7	7.9		–20.5	88.6
Thrift institutions (41)		14.4	6.6	83.0	2.8		16.1	8.0		–54.8	–59.1
Telecommunications (25)	**17**	**13.7**	**14.0**	**63.0**	**7.8**	**24**	**6.3**	**5.8**	**18**	**1.6**	**8.4**
Carriers (19)		13.9	14.7	68.2	11.5		6.2	6.3		4.1	8.4
Manufacturing (6)		5.2	9.9	10.4	5.2		10.3	1.8		NM	6.8
Packaging (23)	**18**	**13.2**	**16.3**	**58.7**	**5.3**	**13**	**10.8**	**13.4**	**2**	**17.0**	**28.4**
Conglomerates (17)	**19**	**12.7**	**18.0**	**42.0**	**5.2**	**23**	**6.9**	**5.0**	**15**	**4.9**	**34.2**
Natural gas (58)	**20**	**12.7**	**12.3**	**91.6**	**6.7**	**30**	**–0.7**	**1.8**	**24**	**–5.1**	**6.0**
Producers and pipeliners (12)		6.6	5.4	127.5	1.6		–2.9	–6.1		NM	–44.4
Distributors (36)		13.3	13.6	85.7	7.2		0.8	1.9		0.7	9.1
Integrated (10)		11.8	8.6	83.1	4.6		–5.9	3.2		–11.8	–2.6
Paper (26)	**21**	**11.8**	**21.8**	**53.9**	**7.9**	**18**	**8.8**	**14.5**	**1**	**18.0**	**50.8**
Chemicals (53)	**22**	**11.7**	**16.0**	**36.5**	**6.6**	**28**	**3.7**	**16.1**	**16**	**3.9**	**37.8**
Diversified (17)		11.6	16.2	31.0	6.6		3.5	15.5		12.7	41.6
Specialized (36)		12.9	15.8	44.8	7.2		5.0	16.7		2.7	37.8
Computers and electronics (56)	**23**	**11.6**	**14.0**	**29.5**	**4.7**	**12**	**10.9**	**18.1**	**22**	**–1.2**	**28.8**
Computers (28)		15.9	13.8	33.2	4.5		19.3	20.9		8.0	6.0
Electronic equipment (19)		10.9	18.0	16.2	5.0		6.9	14.0		2.7	34.9
Semiconductors (9)		7.0	7.6	29.0	4.4		9.9	22.3		NM	134.0
Leisure and recreation (30)	**24**	**10.3**	**13.7**	**124.9**	**4.4**	**14**	**10.5**	**17.1**	**19**	**1.3**	**8.6**
Entertainment (14)		9.6	6.9	145.3	3.1		17.5	19.7		–16.2	–15.6
Hotels and gaming (8)		16.7	23.7	194.4	7.8		6.8	10.8		13.8	12.7
Recreation (3)		10.3	14.0	39.7	4.5		10.5	20.6		1.3	36.2
Photography (3)		9.8	22.1	70.9	8.3		4.1	20.6		14.3	98.2
Toys and electronics (2)		def	def	138.3	def		32.6	–5.2		NM	NM
Construction (68)	**25**	**9.9**	**12.8**	**49.4**	**3.4**	**19**	**8.4**	**6.9**	**25**	**–5.4**	**14.0**
Residential builders (8)		15.5	9.5	161.5	3.1		13.5	3.6		11.9	–22.8
Commercial builders (21)		2.5	5.2	35.2	0.9		6.3	4.6		NM	39.0
Cement and gypsum (6)		8.0	9.0	55.1	5.5		11.4	–6.8		NM	–40.0
Lumber (8)		8.8	17.2	53.9	7.2		7.7	11.3		40.7	24.4
Other materials (25)		11.2	13.8	46.8	4.1		8.9	7.6		8.3	15.4
Air transport (15)	**26**	**7.7**	**8.5**	**76.0**	**3.2**	**1**	**15.7**	**20.0**	**26**	**NM**	**–14.3**
Freight (5)		7.0	5.6	131.0	1.0		14.2	20.2		NM	–38.0
Airlines (10)		9.6	9.2	71.4	3.6		17.4	17.7		NM	4.1
Surface transportation (24)	**27**	**7.5**	**10.2**	**73.1**	**3.4**	**17**	**9.0**	**7.4**	**26**	**NM**	**17.2**
Railroads (11)		6.7	8.2	82.2	5.3		5.5	5.0		NM	21.9
Trucking and leasing (9)		14.1	10.2	73.1	3.1		14.3	12.6		0.1	–7.1
Other surface (4)		13.3	11.2	53.2	5.6		9.6	11.7		–5.7	18.5
Oil (48)	**28**	**6.6**	**10.9**	**64.8**	**2.8**	**31**	**–6.1**	**10.5**	**26**	**NM**	**25.3**
International oils (7)		10.9	13.1	38.3	6.6		–5.0	9.0		0.0	20.1
Other oil and gas (33)		6.8	10.6	75.1	2.2		–8.1	8.6		NM	23.2
Oilfield services (8)		def	6.8	42.4	2.5		–8.4	19.7		NM	–56.3
Heavy equipment (44)	**29**	**5.0**	**12.8**	**38.7**	**4.2**	**27**	**3.9**	**14.0**	**26**	**NM**	**19.9**
Agricultural (3)		0.6	13.7	99.5	3.5		–2.2	38.7		NM	P-D
Building and mining (3)		def	16.6	34.1	3.7		6.2	22.1		NM	500.0+
Industrial (38)		6.5	12.7	38.7	4.4		3.9	13.2		–15.3	16.4
Metals (36)	**30**	**def**	**14.2**	**39.9**	**4.9**	**25**	**4.7**	**26.4**	**26**	**NM**	**148.3**
Nonferrous metals (13)		def	19.0	38.1	8.4		5.8	30.7		NM	172.8
Steel (23)		def	10.6	42.5	3.3		4.5	22.3		NM	104.8
Coal (7)	**31**	**def**	**13.0**	**68.0**	**7.4**	**29**	**3.2**	**14.5**	**26**	**NM**	**16.8**
All-industry medians		**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**

P-D: Profit to deficit. def: Deficit. NM: Not meaningful. For further explanation, see page 77.

WHO'S WHERE IN THIS ISSUE

The following summary, organized alphabetically, shows how each of the 1,116 companies in this survey stacks up against every other survey company regardless of industry. Each corporation is ranked three ways: five-year average return on equity, five-year earnings growth and five-year stock market performance. The last column lists each company's industry survey page. Within these industry reports each firm is ranked against its peers. The entire universe of companies is ordered by rank in the profitability report (page 240) and growth report (page 198). The alphabetically ordered stock market report begins on page 217.

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Abbott Laboratories	68	219	258	150
Advanced Micro	783	NM	994	114
ADVO-System	1029	NM	**	111
Aetna Life & Cas	717	93	601	161
Affiliated Pubs	25	31	8	111
HF Ahmanson	399	102	499	94
Air Prods & Chems	700	724	354	103
Airborne Freight	577	538	923	84
Alaska Air Group	310	668	573	84
Albany International	129	50	**	184
Alberto-Culver	774	263	9	126, 188
Albertson's	194	317	141	139
Alcan Aluminium	888	NM	722	172
Alco Health Services	591	282	321	150
Alco Standard	515	582	592	158
Alexander & Alexander	901	NM	717	161
Alexander & Baldwin	257	144	44	192
Alexander's	867	718	39	188
Alleghany	**	NM	**	161
Allegheny Intl	1032	NM	1007	126
Allegheny Ludlum	**	**	**	172
Allegheny Power	429	560	568	132
Allen Group	929	NM	887	90
Allied Products	911	NM	385	156
Allied-Signal	841	NM	835	82, 90
Allis-Chalmers	1035	**	1012	156
Alltel	428	478	205	194
Alcoa	869	NM	702	172
AM International	**	757	648	158
AMAX	1012	NM	807	108, 172
Amdahl	632	40	257	114
Amerada Hess	923	NM	786	178
America West Airlines	1024	NM	932	84
American Bankers	743	NM	832	161
American Brands	243	536	352	100, 118
American Building	723	700	736	158
American Capital	804	NM	816	94
American Carriers	859	NM	1011	192

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
American Continental	48	385	683	94, 136
American Cyanamid	639	335	317	103, 150
American Electric	601	545	479	132
American Express	462	24	426	136
American Family	163	84	92	161
American General	529	414	590	161
American Greetings	431	664	878	111
American Hoist	1018	NM	818	126, 188
American Home Prod	44	413	462	150
American Intl Group	315	189	262	161
American Maize	866	NM	829	144
American Medical	638	NM	903	150
American Natl Ins	510	418	496	161
American Petrofina	876	NM	603	178
American President	552	667	394	192
American Stores	131	503	583	139, 188
American Tel & Tel	762	671	474	194
American Water Works	640	333	166	132
AmeriFirst Bank	**	NM	**	94
Ameritech	419	465	213	194
AmeriTrust	776	NM	382	94
Ames Dept Stores	278	444	653	188
Ametek	216	497	791	156
Amoco	528	686	582	178
Amoskeag	885	743	653	126
AMP	205	422	744	114
Ampco-Pittsburgh	968	NM	893	156, 172
AMR	410	672	610	84
AmSouth Bancorp	423	411	413	94
Anchor Glass	4	2	**	182
Anchor Savings Bank	**	**	**	94
Anheuser-Busch Cos	181	276	86	100
Aon	237	262	595	161
Apollo Computer	96	NM	983	114
Apple Computer	138	149	73	114
Archer-Daniels	705	342	291	144
Arden Group	395	81	12	139
Argonaut Group	54	211	**	161

Profitability: 5-year return on equity. **Growth:** 5-year annual earnings-per-share growth. **Stock Market:** 5-year price change. **NM:** Not meaningful. **Not ranked.

WHERE TO FIND THE COMPANY

Rank

Company	Profitability	Growth	Stock market	Industry survey page
Aristech Chemical	**	**	**	103
Arkla	620	669	856	174
Armco	1014	NM	960	172
Armstrong World Inds	411	63	158	120
Arrow Electronics	989	NM	992	114
Arvin Industries	433	121	497	90
Asarco	967	NM	847	172
Ashland Oil	829	NM	187	178
Atari	**	**	**	114, 188
Guy F Atkinson	798	744	793	120
Atlanta Gas Light	648	353	102	174
Atlantic Energy	518	419	542	132
Atlantic Financial	879	NM	915	94
Atlantic Richfield	701	NM	336	178
Automatic Data	256	274	239	158
Avery International	373	553	478	158, 182
Avnet	775	733	966	114
Avon Products	588	NM	876	126
Avondale Industries	**	**	**	82, 192
Baker Hughes	1009	NM	**	178
Balfour Maclaine	**	NM	**	136
Ball Corp	299	350	286	182
Bally Manufacturing	937	NM	754	168
Baltimore G&E	374	395	253	132, 174
Banc One	328	316	314	94
Bancorp Hawaii	327	412	143	94
Bandag	60	202	185	90
Bank of Boston	610	745	356	94
Bank of New England	430	583	327	94
Bank of New York	439	606	415	94
BankAmerica	994	NM	846	94
Bankers Trust NY	521	755	395	94
CR Bard	191	228	181	150
Barnes Group	714	458	490	90
Barnett Banks	247	294	298	94
Bassett Furniture Ind	637	661	862	126
Bausch & Lomb	291	247	384	150
Baxter International	635	552	894	150
BayBanks	407	322	170	94
Bear Stearns Cos	**	NM	827	136
Bearings	855	715	578	156
Becton Dickinson	593	178	103	150
Bell Atlantic	476	462	212	194
Bell Industries	782	735	955	114
BellSouth	457	488	222	194
Bemis	536	109	37	182
Beneficial Corp	842	NM	596	136
Benj Franklin S&L	**	NM	**	94
Bergen Brunswig	472	608	650	150
WR Berkley	733	NM	71	161
Berkshire Hathaway	300	83	51	118, 161
Best Buy Co	9	23	2	188
Bethlehem Steel	1008	NM	892	172
Beverly Enterprises	790	NM	985	150
Big Bear	98	351	63	139
Bindley Western Inds	440	647	872	150
Black & Decker	903	NM	875	126
H&R Block	126	334	183	136, 158
Blount	625	736	785	120
BMA Corp	682	NM	452	161
Boatmen's Bancshares	422	574	685	94
Boeing	404	391	225	82
Boise Cascade	823	20	487	120, 184
Borden	413	348	85	144
Borman's	1005	NM	530	139

Rank

Company	Profitability	Growth	Stock market	Industry survey page
Boston Edison	415	44	701	132
Bowater	478	642	632	184
Briggs & Stratton	653	660	817	126
Bristol-Myers	112	326	263	126, 150
Brooklyn Union Gas	501	635	519	174
Brown-Forman	233	551	184	100
Brown Group	596	659	775	188
Browning-Ferris Inds	139	242	165	158
Bruno's	94	238	108	139
Brunswick	152	486	163	168
Budget Rent a Car	**	NM	**	192
Burlington Coat	132	253	881	188
Burlington Northern	731	NM	561	174, 192
Businessland	1010	NM	679	188
Butler Manufacturing	919	NM	629	120
Cabot	837	NM	544	103, 178
Caesars World	722	NM	240	168
CalFed	538	15	784	94
CalMat	695	3	118	120
Cameron Iron Works	1002	NM	919	178
Campbell Soup	370	394	260	144
Cannon Group	**	**	997	168
Capital Cities/ABC	261	286	151	111
Capital Holding	338	171	420	161
Cardinal Distribution	282	278	553	150
Carlisle Cos	532	666	663	114, 120
Carnival Cruise Lines	12	110	**	168
Carolina Freight	304	587	871	192
Carolina Power & Lt	502	527	423	132
Carpenter Technology	852	740	844	172
Carson Pirie Scott	836	NM	**	188
Carter Hawley Hale	**	614	**	188
Carter-Wallace	482	194	45	126, 150
Castle & Cooke	**	NM	277	144
Caterpillar	947	NM	623	156
CBI Industries	948	NM	836	103, 120
CBS	92	130	126	111
CDI Corp	124	108	30	158
Centel	393	546	284	194
Centerior Energy	436	617	**	132
Centerre Bancorp	809	681	207	94
Centex	560	404	689	120
Central & So West	358	484	468	132
Central Hudson G&E	650	NM	824	132
Central Ill Pub Svc	579	629	585	132
Central Maine Power	721	709	636	132
Central Steel & Wire	740	517	338	172
CenTrust Savings Bank	3	758	695	94
Champion Intl	838	NM	758	120, 184
Champion Spark Plug	895	NM	652	90
Charming Shoppes	59	115	195	188
Charter	1021	NM	978	178
Chase Manhattan	853	NM	655	94
Chemical Banking	844	NM	733	94
Chesapeake	763	170	538	182, 184
Chevron	691	613	631	178
Chicago Pacific	235	704	38	126
Child World	851	392	643	188
Chrysler	10	19	250	90
Chubb	547	134	339	161
Church's Fried	720	739	912	139
Cigna	872	NM	739	136, 161
CILcorp	572	624	475	132, 174
Cincinnati Bell	473	339	33	194
Cincinnati Financial	343	229	366	161

Profitability: 5-year return on equity. **Growth:** 5-year annual earnings-per-share growth. **Stock Market:** 5-year price change. **NM:** Not meaningful. **Not ranked.

Rank

Company	Profitability	Growth	Stock market	Industry survey page
Cincinnati G&E	492	641	245	132, 174
Cincinnati Milacron	979	NM	914	156
Circle K	122	200	506	139
Circuit City Stores	47	49	18	188
Circus Circus	90	187	43	168
Citicorp	893	NM	598	94
Citizens & Southern	313	344	351	94
CityFed Financial	234	742	980	94
Clark Equipment	977	NM	877	90, 156
Clorox	174	311	159	126
CMS Energy	959	NM	371	132, 174
CNA Financial	417	105	107	161
CNW	826	NM	927	192
Coachmen Industries	455	NM	982	90
Coast S&L Assn	**	NM	765	94
Coastal Corp	443	535	188	174, 178
Coca-Cola	99	287	169	100
Coca-Cola Enterprises	**	243	**	100
Coleman	711	592	776	120, 168
Colgate-Palmolive	687	708	261	126
Collins Foods Intl	264	454	400	139
Columbia Gas System	865	NM	801	174
Columbia Pictures	780	409	**	168
Columbia S&L Assn	37	245	788	94
Combustion Eng	912	NM	850	156
Comdisco	75	143	436	158
Comerica	646	417	189	94
Commerce Bcshs	626	534	344	94
Commerce Clearing	33	304	433	111, 158
Commercial Credit	906	NM	**	136
Commercial Federal	**	**	477	94
Commercial Metals	785	523	571	136, 172
Commonwealth Ed	398	549	664	132
Commonwealth Energy	324	576	411	132, 174
Compaq Computer	70	5	32	114
Computer Associates	225	55	29	158
Computer Sciences	495	293	172	82, 158
Comstock Group	961	NM	993	120
ConAgra	171	207	124	144
Consolidated Edison	484	566	333	132
Consol Freightways	543	440	493	192
Consol Natural Gas	493	594	176	174
Consolidated Papers	207	192	89	184
Consolidated Rail	**	557	**	192
Consolidated Stores	16	33	889	188
Constar Intl	673	586	615	182
Contel	550	719	364	194
Continental Corp	697	492	617	161
Continental Illinois	1019	NM	798	94
Continental Info Sys	51	100	834	158
Control Data	991	NM	972	114
Cooper Cos	248	273	974	150
Cooper Industries	753	360	501	128, 156
Cooper Tire & Rubber	438	541	98	90
Adolph Coors	828	633	787	100
Copperweld	982	NM	925	172
CoreStates Financial	186	378	111	94
Corning Glass Works	694	213	318	114, 126, 150
Costco Wholesale	995	NM	634	188
CPC International	275	346	136	144
Craig	802	NM	192	139
Crane	873	424	**	120, 156
Cray Research	72	42	267	114
Crestar Financial	361	544	470	94
Cross & Trecker	945	NM	968	156

Rank

Company	Profitability	Growth	Stock market	Industry survey page
CrossLand Savings FSB	**	644	752	94
Crown Central Pet	932	NM	757	178
Crown Cork & Seal	566	161	69	182
CRS Sirrine	951	NM	410	158
CSX	833	NM	635	192
Culbro	506	92	312	100
Cummins Engine	835	NM	926	90
Curtice Burns Foods	319	571	539	144
CVN Cos	107	NM	179	188
Cyclops Industries	**	**	**	172
Cyprus Minerals	1000	NM	313	108, 172
Dairy Mart	335	NM	388	139
Dallas Corp	857	NM	886	120
Dana	590	251	618	90
Danaher	737	7	11	90, 114
Data General	914	NM	954	114
Datapoint	1003	NM	851	114
Dayton Hudson	378	530	633	188
Dean Foods	133	364	265	144
Deere	955	NM	665	156
Delchamps	437	645	393	139
Delmarva Power & Lt	447	563	599	132
Delta Air Lines	666	NM	660	84
Delta Woodside Inds	2	NM	**	86
Deluxe Corp	53	201	155	158
Dennison Mfg	584	589	742	158, 182
DeSoto	668	638	748	103
Detroit Edison	469	381	668	132
Dexter	425	451	547	103
Di Giorgio	902	NM	320	139
Diamond Shamrock R&M	**	NM	**	178
Dibrell Brothers	279	NM	194	100
Diebold	344	673	896	158
Digital Equipment	644	197	135	114
Dillard Dept Stores	164	154	87	188
Dime Savings Bank FSB	**	NM	**	94
Walt Disney	463	67	24	168
Diversified Energies	734	NM	441	174
Dixie Yarns	383	29	13	86
Dollar General	392	726	859	188
Dominion Bankshares	401	223	444	94
Dominion Resources	562	445	268	132
RR Donnelley & Sons	228	267	387	111
Dover	303	526	315	118, 120
Dow Chemical	669	166	138	103
Dow Jones	67	244	779	111
DPL	642	657	299	132, 174
Dravo	1011	NM	716	120
Dresser Industries	946	NM	630	156, 178
El du Pont de Nemours	662	355	482	103, 178
Duke Power	481	507	330	132
Dun & Bradstreet	49	332	373	111
Duquesne Light	615	631	619	132
Durr-Fillauer	594	449	586	150
DWG	817	NM	110	86, 118
E-Systems	183	483	804	82
Eagle-Picher Inds	875	NM	922	90, 156
Eastern Gas & Fuel	899	NM	802	174, 192
Eastman Kodak	736	654	611	168
Eaton	339	371	559	90, 114
Echlin	421	448	566	90
Ecolab	102	68	425	158
Edgcomb	**	433	**	172
Edison Bros Stores	699	NM	823	188
AG Edwards	249	502	708	136

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WHERE TO FIND THE COMPANY

Company	Rank: Profitability	Rank: Growth	Rank: Stock market	Industry survey page
EG&G	85	500	843	114
El Paso Electric	375	711	698	132
Emerson Electric	211	480	602	126, 128
Emerson Radio	87	NM	720	126
Emery Air Freight	821	NM	998	84
Emhart	595	NM	556	118
Empire of America	**	NM	**	94
Engelhard	660	648	897	103, 172
Enron	471	NM	810	174
Enserch	915	NM	879	120, 174
Envirodyne Industries	28	6	1	182
Equifax	110	252	101	136
Equitable of Iowa	748	183	507	161, 188
Equitable Resources	274	652	432	174, 178
Esselte Business Sys	516	162	255	158
Ethyl	283	160	74	103, 161
Exxon	286	472	202	178
Fairchild Industries	1016	NM	880	82
Family Dollar Stores	83	204	797	188
Farmers Group	288	280	55	161
Fay's Drug	575	692	855	188
Federal Express	564	NM	800	84
Federal-Mogul	629	696	622	90
Federal Natl Mortgage	789	NM	246	136
Federal Paper Board	542	240	409	182, 184
Ferro	718	220	282	103
FHP International	**	54	**	150
Fieldcrest Cannon	868	NM	704	86, 126
Figgie Intl	465	297	60	82, 118
Fin Cp Santa Barbara	84	NM	971	94
Finevest Foods	**	**	**	139
Fireman's Fund	827	NM	792	161
First American	451	427	372	94
First Amer Financial	103	169	232	161
First Bank System	631	683	467	94
First Boston	219	609	148	136
First Capital Holding	18	13	5	161
First Chicago	931	NM	666	94
First Executive	97	590	536	161
First Federal Mich	175	306	480	94
First Fidelity Bncp	541	714	360	94
First Interstate Bncp	840	NM	718	94
First Maryland Bncp	651	426	48	94
First of America Bank	311	258	145	94
First Pennsylvania	976	NM	308	94
First Security	861	730	678	94
First Tennessee Natl	465	508	381	94
First Union	125	198	514	94
First Wachovia	226	345	708	94
First Wisconsin	816	NM	137	94
Fischbach	970	NM	975	120
Fleet/Norstar Finl	302	495	193	94
Fleetwood Enterprises	114	141	854	90, 120
Fleming Cos	496	640	707	139
Florida Federal S&L	985	NM	1000	94
Florida Natl Banks	380	473	454	94
Florida Progress	397	365	370	132
Flowers Industries	212	382	233	144
Fluor	987	NM	715	120
FMC	475	69	42	82, 103
Food Lion	69	104	10	139
Foodarama Supermkts	815	30	79	139
Foodmaker	**	**	**	139
Ford Motor	61	157	54	90
Foremost Corp of Amer	600	429	626	161
Formica	**	**	**	120
LB Foster	921	NM	781	156
Foster Wheeler	812	749	826	120, 156
Foxboro	993	NM	870	156
FPL Group	526	510	486	132, 161
Freeport-McMoRan	347	443	575	103
Fruehauf	**	**	**	90
Fruit of the Loom	**	**	**	86
HB Fuller	400	203	637	103
Fuqua Industries	104	302	211	94, 126, 168
GAF	448	NM	14	103, 120
Gannett	159	359	390	111
Gap	89	95	7	188
GATX	939	NM	466	118, 192
Gaylord Container	**	**	**	182, 184
Geico	39	91	218	161
GenCorp	244	9	512	82
General Cinema	50	441	346	100, 168
General Development	617	512	867	120
General Dynamics	100	NM	837	82
General Electric	268	547	534	82, 126, 128
General Host	108	300	591	188
General Instrument	953	NM	906	114
General Mills	**	420	285	139, 144
General Motors	357	303	745	90
General Motors EDS	27	52	306	158
GM Hughes Electronics	**	400	495	82, 90
General Public Utils	685	127	20	132
General Re	530	250	464	161
General Signal	765	693	839	114, 128, 156
Genesco	909	NM	909	86, 188
Genlyte Group	**	168	**	128
Genuine Parts	260	450	345	90
Georgia Gulf	**	**	**	103
Georgia-Pacific	747	46	588	120, 184
Gerber Products	618	707	279	86, 144
Getty Petroleum	330	NM	83	178
Giant Food	140	361	41	139
Gibraltar Financial	768	NM	995	94
Gillette	144	695	105	126
PH Glatfelter	160	163	31	184
GlenFed	708	21	234	94
Golden West Finl	29	150	244	94
Goldome	**	**	**	94
BF Goodrich	964	NM	403	103
Goodyear	387	349	430	90
Gordon Jewelry	889	NM	885	188
WR Grace	925	NM	711	103
WW Grainger	408	315	374	128
Gt Am First Savings	616	45	524	94
Great American Mgmt	926	NM	753	103
Great A&P Tea	675	94	56	139
Great Lakes Chemical	203	248	453	103
Gt Northern Nekoosa	690	415	359	184
Gt Western Financial	450	126	383	94, 161
Greyhound	726	689	694	90, 126
Grossman's	1027	NM	931	188
Grow Group	729	741	774	120, 126
Grumman	442	NM	849	82
GTE	652	NM	521	194
Guilford Mills	426	521	762	86
Gulf & Western	745	NM	131	111, 136, 168
Gulf States Utils	589	663	899	132
Hadson	882	58	818	178
Halliburton	936	NM	913	120, 178

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Rank

Company	Profitability	Growth	Stock market	Industry survey page
Handleman	135	123	167	168
Handy & Harman	890	NM	789	90, 172
MA Hanna	1001	NM	612	103
Hannaford Bros	223	261	66	139
Hanover Insurance	488	125	271	161
Harcourt Brace	298	53	**	111, 161
Harley-Davidson	**	26	**	90
Harman International	21	17	**	126
Harnischfeger Inds	975	NM	367	156
Harris Corp	764	655	910	82, 114
Harsco	670	298	392	82, 120, 156
Hartford Steam Boiler	130	71	24	158, 161
Hartmarx	619	639	710	86, 188
Hasbro	66	99	95	168
Hawaiian Electric	671	370	316	132
Healthco International	479	41	407	150
Hechinger	224	191	513	188
HJ Heinz	137	330	175	144
Helene Curtis Inds	342	177	661	126
Henley Group	**	**	**	120, 150
Henley Manufacturing	**	**	**	103
Hercules	196	90	644	82, 103
Hershey Foods	246	401	157	144
Hewlett-Packard	346	453	732	114
Highland Superstores	13	309	988	188
Hillenbrand Inds	272	325	173	126, 150
Hills Dept Stores	**	**	**	188
Hilton Hotels	280	459	422	168
Himont	91	112	**	103
Holiday	414	249	946	168
Holly Corp	142	634	16	178
Holly Farms	252	136	61	144
Home Depot	82	77	433	188
Home Federal S&L	630	124	328	94
Home Group	**	NM	958	161
Home Shopping	**	**	**	188
Homestead Financial	57	237	917	94
HON Industries	200	176	443	158
Honeywell	854	NM	813	82, 114, 158
Geo A Hormel	621	376	129	144
Horn & Hardart	920	NM	962	139, 188
Hospital Corp	677	NM	681	150
Household Intl	377	214	310	136
Houston Industries	424	314	535	132
Hubbell	285	338	201	128
Hudson Foods	20	113	**	144
Hughes Supply	698	358	750	120
Humana	116	656	749	150
Huntington Bcshs	554	524	231	94
IBP	**	**	**	144
IC Industries	818	NM	116	82, 118, 144
ICH	31	132	727	161
Ideal Basic Inds	1026	**	1006	120
IE Industries	667	637	429	132
Illinois Power	362	572	799	132, 174
Illinois Tool Works	333	259	153	156
IMC Fertilizer Group	**	NM	**	103
Imperial Corp of Am	860	NM	688	94
Inco	974	NM	269	172
Independent Insurance	558	596	607	161
Indiana National	486	595	127	94
Ingersoll-Rand	886	NM	491	156
Ingles Markets	416	224	**	139
Inland Steel Inds	971	NM	640	172
Inspiration Resources	1017	NM	947	172, 188

Rank

Company	Profitability	Growth	Stock market	Industry survey page
Integrated Resources	755	NM	943	136, 161
Intel	820	NM	860	114
Interco	754	548	283	86, 126, 188
Intergraph	81	97	726	114
Interlake	663	66	319	82, 156
Intermark	845	NM	451	188
IBM	153	598	805	114
Intl Flavors & Frags	190	423	386	103
Intl Minerals & Chem	924	NM	806	103
Intl Multifoods	568	619	527	139, 144
International Paper	831	227	529	182, 184
Interpublic Group	198	272	112	111
InterTAN	**	614	**	188
Iowa-Illinois G&E	427	621	438	132, 174
Iowa Resources	531	626	624	132
Ipalco Enterprises	354	438	417	132
Irving Bank	839	NM	91	94
Itel	1004	**	62	194
ITT	756	573	737	118, 161
Jacobs Engineering	965	NM	182	120
James River Corp Va	210	341	725	182, 184
Jamesway	468	597	760	188
Jefferson-Pilot	606	308	303	161
Jefferson Smurfit	71	72	35	182
Jepson	5	34	**	118
Jerrico	563	542	703	139
Johnson & Johnson	221	505	254	126, 150
Johnson Controls	525	570	589	90, 158
Earle M Jorgensen	918	NM	812	172
Jostens	149	387	300	111, 188
JWP	77	74	129	158
K mart	432	331	484	188
Kaman	296	217	532	82, 156
Kansas City P&L	556	NM	398	132
Kansas City Southern	803	NM	908	136, 192
Kansas Gas & Elec	730	NM	667	132
Kansas Power & Light	332	522	461	132, 174
Kaufman & Broad	578	80	439	120, 161
Kellogg	26	239	47	144
Kellwood	340	158	115	86
Kelly Services	78	96	96	158
Kemper	567	284	350	161
Kennametal	892	NM	811	156
Kentucky Central Life	452	142	377	161
Kentucky Utilities	571	579	408	132
Kerr Glass Mfg	988	NM	949	182
Kerr-McGee	928	NM	687	178
KeyCorp	390	399	419	94
Kimball International	305	269	543	126
Kimberly-Clark	405	372	152	126, 184
Kinder-Care	266	208	902	94, 158
KN Energy	766	737	759	174
Knight-Ridder	316	386	391	111
Kraft	179	212	28	144
Kroger	585	684	**	139
La-Z-Boy Chair	262	155	581	126
Laclede Gas	336	396	301	174
Lafarge	898	NM	505	120
Lancaster Colony	707	698	569	90, 144
Leggett & Platt	177	185	326	126
Leslie Fay Cos	**	NM	**	86
Eli Lilly	136	405	84	150
Limited	19	57	81	188
Lincoln Electric	725	410	693	156
Lincoln National	627	301	550	161

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Company	Rank Profitability	Rank Growth	Rank Stock market	Industry survey page
Litton Industries	540	699	782	82
Liz Claiborne	14	39	46	86
Lockheed	40	347	778	82
Loctite	289	295	465	103
Loews	118	114	82	100, 161
Lomas Financial	158	375	868	136
Lone Star Industries	778	NM	741	120
Lone Star Tech	998	NM	483	172
Long Island Lighting	598	680	489	132
Longs Drug Stores	363	477	564	188
Longview Fibre	458	27	150	182, 184
Loral	242	216	567	82
Lorimar Telepictures	942	NM	**	168
Louisiana Land	849	NM	690	178
Louisiana-Pacific	824	78	676	120
Louisville G&E	539	493	526	132, 174
Lowe's Cos	322	416	794	188
LTV	1034	NM	1001	82, 172
Lubrizol	513	425	447	103
Lukens	910	NM	117	172
LVI Group	**	NM	821	120
M/A-Com	891	NM	959	114
Mack Trucks	958	NM	933	90
Magma Copper	**	**	**	172
MAI Basic Four	**	NM	**	114
Manor Care	86	117	396	150
Manufacturers Hanover	908	NM	890	94
Manufacturers Natl	672	720	146	94
Manville	863	NM	1002	120
Mapco	498	491	223	178
Marion Laboratories	79	32	40	150
Mark IV Industries	36	25	22	114, 128
Marriott	151	206	224	139, 168
Marsh & McLennan Cos	41	159	186	161
Marsh Supermarkets	665	139	259	139
Marshall & Ilsley	385	402	335	94
Marshall Industries	184	520	795	114
Martin Marietta	201	NM	353	82
Masco	250	233	520	120
Masco Industries	474	56	27	90, 156
Mattel	1025	NM	288	168
Maxicare Health	962	NM	1003	150
Maxus Energy	**	**	**	178
May Dept Stores	368	337	275	188
Mayfair Super Markets	22	64	3	139
Maytag	88	180	459	126
MCA	696	650	472	168
McCormick & Co	359	623	358	144
McDermott Intl	972	NM	921	156, 178
McDonald's	145	305	208	139
McDonnell Douglas	559	516	616	82
McGraw-Hill	162	466	579	111
MCI Communications	916	NM	531	194
McKesson	603	518	418	150
MCorp	927	NM	1013	94
MDC Holdings	119	435	990	120
Mead	689	145	227	182, 184
Medco Containment	825	NM	597	188
Media General	612	651	132	111, 184
Medtronic	253	460	305	150
Mellon Bank	944	NM	951	94
Melville	143	340	249	188
Mercantile Bancorp	744	NM	557	94
Mercantile Stores	326	343	302	188
Merck	106	221	52	150

Company	Rank Profitability	Rank Growth	Rank Stock market	Industry survey page
Meredith	307	496	574	111
Meridian Bancorp	449	436	281	94
Meritor Financial	986	NM	973	94
Merrill Lynch	613	504	858	136
Fred Meyer	167	122	**	139, 188
MGM/UA Commun	**	NM	**	168
Michigan Consolidated	**	NM	**	174
Michigan National	773	NM	94	94
Microsoft	6	18	**	158
Middle South Utils	686	678	684	132
Midlantic	277	434	437	94
Midwest Energy	597	532	508	132, 174
Herman Miller	157	264	728	158
Millipore	454	390	149	150, 158
Minn Mining & Mfg	217	470	540	118
Minnesota Power & Lt	345	455	323	132
Mitchell Energy	822	750	961	174, 178
MMR Holding	**	35	**	120
MNC Financial	464	283	109	94
Mobil	716	580	522	178, 188
Molex	45	318	730	114
Monarch Capital	480	153	614	161
Monsanto	772	NM	549	103
Montana Power	658	675	672	108, 132, 174
Moore Corp	477	475	412	158
JP Morgan & Co	489	723	220	94
Morgan Products Ltd	52	156	769	120
Morgan Stanley	**	NM	**	136
Morrison	509	616	146	139
Morrison-Knudsen	832	NM	606	120
Morton Thiokol	185	556	509	82, 103
Motorola	679	632	869	114, 194
Multimedia	441	NM	162	111
Munford	807	NM	831	139
Murphy Oil	930	NM	773	178
Nacco Industries	147	188	363	108, 156
Nalco Chemical	193	555	746	103
Nash Finch	569	442	72	139
Nashua	534	129	99	158
National City	412	494	197	94
Natl Convenience	609	NM	952	139
National Fuel Gas	544	562	209	174
National Intergroup	981	**	964	150
National Medical	485	677	815	150
Natl Semiconductor	957	NM	942	114
National Service	287	439	421	128, 158
National-Standard	949	NM	904	172
National Western Life	105	622	743	161
Navistar Intl	**	NM	966	90
NBD Bancorp	614	356	161	94
NCH Corp	704	408	168	103
NCNB	356	487	289	94
NCR	394	324	414	114
Neiman Marcus Group	**	**	**	188
New England Electric	293	511	628	132
NY State E&G	602	725	700	132
New York Times	127	184	309	111
Newell Co	301	291	50	126
Newmont Mining	848	NM	577	172
Niagara Mohawk Power	643	754	857	132, 174
Nicor	940	NM	682	174
NIKE	241	687	200	86
Nipsco Industries	862	NM	814	132, 174
NL Industries	1013	NM	979	103
Noland	787	320	401	120

Profitability: 5-year return on equity. **Growth:** 5-year annual earnings-per-share growth. **Stock Market:** 5-year price change. **NM:** Not meaningful. **Not ranked

Company	Rank: Profitability	Rank: Growth	Rank: Stock market	Industry survey page
Nordstrom	215	174	76	188
Norfolk Southern	760	694	576	192
Nortek	727	NM	891	120
Northeast Savings FA	834	NM	861	94
Northeast Utilities	379	620	379	132
No States Power	360	540	369	132
Northern Telecom	213	196	863	194
Northern Trust	904	NM	196	94
Northrop	240	76	699	82
No'western Natl Life	741	89	337	161
Norton	935	NM	642	156
Norwest	856	NM	554	94
Noxell	113	230	264	126
Nucor	446	226	504	172
NWA	797	38	658	84
Nynex	507	464	214	194
Occidental Petroleum	847	653	761	103, 174, 178
Ogden	527	NM	329	158
Ogilvy Group	189	357	510	111
Ohio Casualty	676	321	488	161
Ohio Edison	445	537	499	132
Ohio Mattress	391	452	565	126
Oklahoma G&E	523	611	481	132
Old Kent Financial	231	270	206	94
Old Republic Intl	350	389	766	161
Olin	884	NM	502	103
Olsten	173	85	25	158
Omnicom Group	703	NM	**	111
Oneok	759	721	924	174
Orange & Rockland	522	577	541	132, 174
Orion Capital	966	NM	941	161
Orion Pictures	956	NM	772	168
Oshkosh Truck	46	37	928	82, 90
Outboard Marine	738	682	674	168
Owens & Minor	548	209	228	150
Owens-Corning	692	398	**	120
Oxford Industries	487	710	935	86
Paccar	636	205	604	90
PACE Membership	1015	NM	901	188
Pacific Enterprises	684	702	755	174, 188
Pacific G&E	561	676	670	132, 174
Pacific Resources	800	NM	627	178
Pacific Telesis	537	581	215	194
PacifiCorp	382	601	546	108, 132, 194
PaineWebber Group	494	662	936	136
Pall	115	323	503	82, 150
Pan Am	1037	NM	986	84
Panhandle Eastern	938	NM	**	174
Parker-Hannifin	581	367	712	82, 156
Penn Central	871	NM	659	118, 194
Penn Traffic	**	NM	**	139
JC Penney	587	474	325	188
Pennsylvania P&L	641	618	361	132
Pennwalt	806	NM	272	103
Pennzoil	801	748	221	178
Pentair	389	558	456	156, 184
People's Bank	**	**	**	94
Peoples Energy	381	489	229	174
Pep Boys	254	241	156	188
PepsiCo	146	138	77	100, 139, 144
Perini	913	NM	646	120
Perkin-Elmer	757	NM	895	82, 114
Perry Drug Stores	777	NM	934	188
Petrie Stores	323	564	713	188
Pfizer	161	319	485	150
Phelps Dodge	963	NM	343	172
PHH Corp	276	550	808	158
Philadelphia Elec	623	679	587	132
Philip Morris Cos	80	186	122	100, 144
Philips Industries	117	148	203	120
Phillips Petroleum	752	751	378	178
Phillips-Van Heusen	511	210	600	86
PHM Corp	273	729	976	120, 136
Piedmont Natural Gas	483	498	323	174
Pilgrim's Pride	8	22	**	144
Pillsbury	341	447	75	139, 144
Pinnacle West	520	627	864	94, 132
Pioneer Hi-Bred Intl	321	588	768	144
Pitney Bowes	182	199	133	158
Pittston	990	NM	692	84, 108
PNC Financial	306	468	287	94
Polaroid	819	86	230	168
Pope & Talbot	680	NM	620	120, 184
Portland General	664	738	397	132
Potlatch	739	70	450	120, 184
Potomac Electric	294	313	248	132
PPG Industries	337	182	219	90, 120
Precision Castparts	123	51	19	82
Premark Intl	**	NM	**	126
Premier Bancorp	843	NM	984	94
Premier Industrial	187	428	331	114
Preston	850	747	873	192
Price Co	23	43	177	188
Prime Computer	366	471	790	114
Primerica	607	573	691	161, 188
Procter & Gamble	491	712	570	126
Progressive	55	59	174	161
Provident Life & Acc	512	403	516	161
PS Group	887	NM	555	178
PSI Holdings	34	716	673	132
Public Service Colo	573	585	729	132, 174
Public Service NH	941	NM	969	132
Public Service NM	645	674	957	132, 174
Pub Svc Enterprise	553	630	427	132, 174
Puget Sound P&L	728	397	605	132
Quaker Oats	178	120	65	144
Quaker State	794	NM	803	178
Quantum Chemical	713	147	59	103, 178
Questar	583	703	671	174
Ralston Purina	43	47	104	144
Ramada	907	383	830	168
Raychem	582	406	562	128
Raytheon	236	362	449	82, 118
Reebok International	1	1	139	86
Reliance Group	101	11	**	161
Republic New York	545	728	348	94
Rexene	**	**	**	103
Reynolds & Reynolds	309	193	780	114, 158
Reynolds Metals	934	NM	123	172
Richfood Holding	**	**	**	139
Riggs National	719	746	545	94
Rite Aid	120	288	458	188
RJR Nabisco	168	377	57	100, 144
RLC	769	612	820	192
Roadway Services	460	685	845	192
HH Robertson	980	NM	996	120
AH Robins	1039	NM	767	150
Rochester G&E	586	731	771	132, 174
Rochester Telephone	508	607	448	194
Rockwell Intl	165	256	696	82

Profitability: 5-year return on equity. **Growth:** 5-year annual earnings-per-share growth. **Stock Market:** 5-year price change. **NM:** Not meaningful. **Not ranked.

WHERE TO FIND THE COMPANY

Company	Rank: Profitability	Rank: Growth	Rank: Stock market	Industry survey page
Rohm & Haas	314	281	435	103
Rohr Industries	214	528	558	82
Rollins	32	131	332	158
Rorer Group	121	307	278	150
Rose's Stores	349	519	866	188
Ross Stores	880	NM	944	188
Rubbermaid	148	190	147	126
Ruddick	549	543	376	139
Russell	308	271	297	86
Ryder System	297	329	657	192
Rykoff-Sexton	681	610	357	139
Ryland Group	93	75	593	120
Safeco	355	116	368	161
St Paul Cos	795	NM	584	161
Salomon	388	701	888	136
San Diego G&E	352	599	290	132
Santa Fe Southern	813	NM	**	192
Sara Lee	188	369	68	144
Savannah Foods	220	697	296	144
Savin	1031	**	1008	158
Scana	453	479	347	132, 174
SCEcorp	364	568	404	132
Schering-Plough	372	430	93	126, 150
Schlumberger	883	NM	905	178
A Schulman	209	225	49	103
Schultz Sav-O Stores	351	106	17	139
Charles Schwab	**	**	**	136
SCI Systems	290	152	848	114
Scientific-Atlanta	874	NM	883	194
Scott Paper	557	111	164	126, 184
Scotty's	693	670	840	188
EW Scripps	**	705	**	111
Seagate Technology	65	73	950	114
Seagram	633	352	476	100
Sears, Roebuck	574	463	735	161, 188
Seaway Food Town	781	628	154	139
Security Pacific	576	756	560	94
Selective Insurance	546	NM	473	161
Sequa	150	14	237	82
Service Corp Intl	396	232	463	126
Service Merchandise	810	NM	783	188
Shaklee	271	565	751	126
Shaw Industries	134	28	217	126
Shawmut National	402	431	533	94
Shearson Lehman	192	605	**	136
Sherwin-Williams	239	215	274	103, 188
Shoney's	180	292	**	139
Signet Banking	434	646	270	94
Skyline	799	289	884	90, 120
AO Smith	858	NM	822	90
Smith International	1023	NM	977	178
Smithfield Foods	318	61	4	144
SmithKline Beckman	76	437	517	150
Snap-on Tools	176	254	171	90
Society	499	327	199	94
Sonat	897	NM	852	174
Sonoco Products	281	257	125	182
Soo Line	954	NM	842	192
South Carolina Natl	369	260	178	94
Southeast Banking	655	658	572	94
Southern Company	435	625	609	132
So N England Telecom	519	490	454	194
Southmark	245	554	987	136, 161
SouthTrust	251	299	210	94
Southwest Airlines	654	688	907	84
Southwest Gas	456	421	460	94, 174
Southwestern Bell	533	533	243	194
Southwestern Pub Svc	206	578	580	132
Sovran Financial	267	328	525	94
Spiegel	227	36	**	188
Sprague Technologies	984	NM	**	114
Springs Industries	784	615	515	86, 126
SPS Technologies	788	10	355	82
SPX	535	604	625	90
Square D	348	432	697	128
Squibb	170	167	100	150
SSMC	**	NM	**	126
Std Commercial	624	499	226	100, 136
Standard Fedl Bank	**	NM	**	94
Standard Products	73	79	251	90
Standard Register	232	266	293	158
Standard Shares	565	461	340	111, 126, 182
Standex International	605	525	440	118
Stanhome	195	133	34	126
Stanley Works	406	279	536	126, 156
State Street Boston	197	368	58	94
Statesman Group	894	NM	930	161
Sterling Chemicals	**	**	**	103
Stewart & Stevenson	943	NM	134	156
Stone Container	712	NM	204	182, 184
Storage Technology	1036	NM	1004	114
Strawbridge	403	277	236	188
Student Loan	42	101	70	136
Subaru of America	62	NM	956	90
Sun Company	770	665	900	178
Sun Microsystems	17	4	**	114
Sundstrand	732	690	764	82, 156
SunTrust Banks	295	312	734	94
Super Food Services	334	146	242	139
Super Rite Foods	218	567	548	139
Super Valu Stores	169	456	492	139
Sysco	292	384	307	139
Talley Industries	881	NM	471	82, 156
Talman Home Federal	**	**	**	94
Tambrands	64	363	266	126
Tandem Computers	570	175	833	114
Tandy	128	603	796	188
TBC Corp	312	275	119	90
TCF Financial	**	NM	**	94
TECO Energy	459	469	334	132
Tecumseh Products	500	476	416	156
Tektronix	749	691	939	114
Tele-Communications	792	636	53	111, 168
Teledyne	141	236	276	82, 118, 161
Temple-Inland	622	181	375	120, 182
Tenneco	905	NM	677	118, 174
Tesoro Petroleum	1006	NM	865	178
Texaco	952	NM	621	178
Texas Air	1033	NM	238	84
Texas American Bcshs	978	NM	1014	94
Texas Eastern	808	753	825	174
Texas Industries	791	NM	763	120, 172
Texas Instruments	896	NM	882	82, 114
Texas Utilities	418	559	640	132
Textron	604	118	551	82, 118
Thomas & Betts	317	354	639	114
Thorn Apple Valley	933	NM	809	144
TIE/Communications	969	NM	1010	194
Tiger International	1038	NM	235	84
Time Inc	156	128	179	111

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Company	Rank Profitability	Rank Growth	Rank Stock market	Industry survey page
Times Mirror	111	218	380	111
Timken	950	NM	828	156, 172
Todd Shipyards	997	NM	1005	82, 156
Torchmark	230	135	97	161
Toro	496	98	120	126
Tosco	**	NM	917	178
Toys "R" Us	154	172	198	188
Transamerica	649	407	770	161
Transco Energy	805	NM	853	174
Travelers	724	561	731	161
Triangle Industries	1007	NM	965	182
Tribune	325	62	140	111
Trinity Industries	917	NM	647	120, 192
Trinova	467	60	273	156
Trustcorp	580	514	686	94
TRW	490	NM	756	82, 90
Tucson Electric	229	485	594	132
Turner Broadcasting	**	NM	645	111, 168
Turner Corp	702	NM	841	120
TW Services	634	12	**	139
20th Century Inds	95	107	241	161
Tyco Laboratories	284	467	21	120
Tyler	683	575	963	103, 114, 120
Tyson Foods	63	48	6	144
UAL	811	NM	114	84
UGI	900	NM	457	103, 174
UNC	992	NM	511	82
Union Bank	735	179	349	94
Union Camp	656	515	680	182, 184
Union Carbide	706	NM	656	103
Union Electric	461	602	311	132
Union Pacific	830	NM	651	178, 192
Union Texas Petrol	647	NM	**	178
Unisys	771	NM	494	114
United Artists	505	717	23	111, 168
United Banks of Colo	767	NM	874	94
United Brands	551	366	88	144
United Financial	1022	NM	1015	94
United HealthCare	24	NM	706	150
United Illuminating	710	NM	669	132
United Jersey Banks	376	290	518	94
United Merchants	996	NM	989	86
US Bancorp	608	446	362	94
US Healthcare	35	165	523	150
US Home	999	NM	999	120
US Shoe	611	713	649	86, 188
United Stationers	199	310	406	158
United Technologies	678	727	747	82, 120
United Telecom	814	NM	294	194
Univar	592	706	**	103
Universal	238	388	365	100, 136
Universal Foods	503	600	216	144
Universal Health	742	752	920	150
Unocal	688	734	705	178
UNUM Corp	**	NM	**	161
Upjohn	269	231	80	150
US West	524	539	247	194
USAir Group	517	506	740	84
USF&G	746	NM	723	161
USG	109	65	**	120
Uslico	470	481	498	161
USLife	786	NM	662	161
UST Inc	56	255	341	100
USX	983	NM	838	172, 178
Utah Power & Light	674	649	613	132
UtiliCorp United	265	457	252	132, 174
Valero Energy	960	NM	981	174, 178
Valhi	30	393	190	178
Valley National	750	NM	724	94
Valmont Industries	661	NM	399	172, 188
Valspar	172	246	106	103
Varian Associates	793	NM	953	114
Varity Corp	**	NM	911	90, 156
VF	74	379	304	86
Viacom	**	**	**	111
Village Super Market	504	87	15	139
Vista Chemical	204	NM	**	103
Volt Info Sciences	846	NM	940	158
Vons Cos	**	**	**	139
Vulcan Materials	329	222	160	103, 120
VWR Corp	**	151	**	158
Wal-Mart Stores	38	88	78	188
Walgreen	155	336	442	188
Wang Laboratories	758	NM	991	114
Warner Commun	870	NM	144	168
Warner-Lambert	386	NM	142	150
Washington Gas Light	514	531	431	174
Washington Mutual	555	NM	121	94
Washington National	878	NM	714	161
Washington Post	58	119	113	111
Waste Management	166	140	67	158
Weis Markets	222	374	342	139
Wells Fargo	659	722	64	94
Wendy's Intl	599	NM	916	139
West Point-Pepperell	709	643	424	86, 126
Western Digital	353	NM	608	114
Western Publishing	11	103	**	111
Western S&L	7	82	938	94
Western Union	1030	NM	1009	194
Westinghouse	263	268	322	82, 128
Westmoreland Coal	973	NM	929	108
Westvaco	657	285	469	184
Wetterau	331	380	128	139
Weyerhaeuser	779	164	738	120, 184
Wheeling-Pittsburgh	1028	NM	937	172
Whirlpool	320	513	777	126
Whittaker	751	NM	191	103, 156
Wickes Cos	796	732	970	90, 188
Wicor	628	509	294	174
Willamette Inds	444	16	280	120, 184
Williams Cos	922	NM	721	174
Wilson Foods	1020	NM	445	144
Winn-Dixie Stores	259	593	563	139
Winnebago Industries	270	296	898	90
Wisconsin Energy	367	482	256	132
Wisconsin Public Svc	409	529	405	132, 174
Witco	371	373	528	103
FW Woolworth	420	195	90	188
Worthington Inds	202	235	402	172
WPL Holdings	365	569	428	132
Wm Wrigley Jr	208	265	36	144
Wyman-Gordon	864	NM	945	82
Wyse Technology	15	8	638	114
Xerox	761	591	719	158, 161
Yellow Freight Sys	258	137	552	192
York International	**	NM	**	120
Zayre	255	234	389	188
Zenith Electronics	877	NM	948	114, 126
Zenith National Insur	384	501	675	161
Zurn Industries	715	584	292	156

Profitability: 5-year return on equity. **Growth:** 5-year annual earnings-per-share growth. **Stock Market:** 5-year price change. **NM:** Not meaningful. **Not ranked.

Edited by Laura Saunders

Early returns on the 1986 corporate tax changes: Aerospace and construction were clobbered; meatpackers, furniture makers and drug companies fared very well.

Who got reformed?

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Winners and losers

Some industries have seen their effective tax rates drop due to tax reform. But overall, the corporate burden has risen 3.2%.

Industry	Change in tax rate*	1987 effective rate	Industry	Change in tax rate*	1987 effective rate
construction	+33.1%	58.9%	oil & gas extraction	–10.1%	23.9%
aerospace	+21.1	36.7	meat products	–7.7	30.0
petroleum refining	+19.7	24.9	metals-primary	–7.5	11.7
transport-railroads	+11.4	23.9	apparel	–7.0	34.8
lumber	+10.8	29.2	furniture	–5.7	33.6
rubber	+9.8	21.9	tobacco	–5.0	33.1
measuring instrs	+9.2	29.6	stone, clay, glass	–4.4	27.0
chemicals-misc	+8.4	32.7	retail drug stores	–4.3	34.7
publishing	+8.4	36.2	drugs	–3.8	22.1
beverages	+8.2	31.4	banking	–2.6	23.6
US industry average	+3.2%	24.7%			

*Change in effective tax rate, in percentage points. (An increase from a 10% rate to a 15% rate would be shown as +5%.)

Source: Tax Analysts.

"I PAY MORE TAXES THAN GE!" said the protesters' signs a few years back. Congress responded with a tax "reform" that included a substantial corporate tax increase. Tax changes included a small cut in corporate rates coupled with a large cut in corporate tax breaks. The combined effect was to increase corporate tax collections in 1987 to $83.9 billion, or $7 billion more than they would have been under the old law.

But not all industries fared equally badly, a new study confirms. Compiled by Tax Analysts, the Arlington, Va.-based publisher of the industry weekly *Tax Notes*, it gives effective corporate tax rates for 1,000 large U.S. firms for 1987. *(For methodology, see box, p. 298.)*

The study shows that publicly owned corporations paid 24.7% of the income reported to shareholders as taxes, up 3.2 percentage points from 1986. "Overall, tax reform is making firms pay a higher percentage of their income in taxes," says Tax Analysts counsel Mark Starcher, who conducted the study. "That's wrong, because it simply hides the taxes ultimately borne by people. But that's what Congress wanted."

What's interesting are the wide variations in the law's effect *(see table)*. Some industries got big tax increases, while for others the effective tax rate fell.

Among the losers were construction companies, whose average tax rate more than doubled, to 58.9%. They had relied heavily on the completed-contract method of accounting, which allowed them to defer taxes on partially completed projects,

and on installment sales provisions that allowed them to defer taxes when property was sold on credit. Both of those tax breaks were curtailed. Aerospace companies were also big users of the long-term contract deferrals and saw their average rate go from 15.6% to 36.7%. And there's more bad news to come for both groups, because the long-term contract rules were tightened further in 1987 and again in 1988.

Other sorely missed benefits are the 10% investment tax credit and artificially short depreciable lives for property and equipment. No wonder, then, that the hardest-hit industries include capital-intensive ones, like rubber, petroleum refining and rail transportation.

The winners tended to be industries that are more labor-intensive or that didn't lose their special breaks: meatpacking, apparel and furniture. One apparent winner—primary metals—had a falling tax rate, in part because so many rebounding steel companies were using loss carryforwards from earlier years. But that doesn't mean the steel companies got any bonanza from the 1986 law.

Two industries that emerged from that law unscathed were drugs and insurance. Both are big, powerful and profitable, and each saw its rate drop slightly after tax reform.

With drug companies, the overall industry rate was 22.1% in 1987, down 3.8 percentage points from a year earlier. The key is the so-called possessions tax credit. It allows firms to take a tax holiday by running up research expenses in the U.S. while ascribing profits to pill-manufacturing operations in Puerto Rico, where tax rates are low for such sought-after employers.

Stock insurance companies keep their taxes low—only 14% in 1987—by claiming large reserves against future liabilities that are far distant (for life companies) or unpredictable (for property and casualty companies). In the last few years Congress has, in exasperation, turned to setting dollar targets for the industry to contribute to federal coffers. It will probably attack the issue again this year. But if the past is any guide, the rates will stay low.—L.S.

One company's taxes

How much did General Motors pay in federal taxes last year? Tax Analysts, an Arlington, Va. research group, figures GM had a negative federal tax burden of $1.9 billion on U.S. profits of $307 million, for an effective rate of minus 633%. A rival corporate-tax watcher, the Nader-backed Citizens for Tax Justice, says GM qualified for a $742 million refund, on profits of $2.4 billion, for a tax rate of minus 31%. GM itself says it paid $73 million in 1987.

Calculating effective corporate tax rates is a messy business. Messy, but politically important. Congress toughened corporate minimum taxes in 1986 because companies like General Electric and General Dynamics weren't paying some people's idea of a "fair" share.

But tax burdens are as much a matter of interpretation as of accounting facts. Consider a bank that accepts lower returns on municipal bonds because they are tax-exempt. In economic terms the bank is paying an indirect tax equal to the interest it forgoes. But it doesn't send a check to the IRS for the amount, which leaves banks open to the charge that they use "loopholes." And what about a company that loses $1 billion in 1986 and makes $1 billion in 1987? Logically, it shouldn't owe tax for a biennium in which it broke even, but in the Tax Analysts formula, it would show up as enjoying a zero tax rate in 1987. Forrest Marovelli, an accounting manager who compiled the numbers for Tax Analysts, says it is, in practice, almost impossible to trace loss carryforwards from year to year.

Confusion is compounded by the fact that corporations don't release their tax returns. They do, however, publish tantalizing details about their tax bills in footnotes to the income statement. From these footnotes it is possible to make intelligent guesses about actual taxes paid. Tax Analysts also got help from some unpublished GM data.

What can an outsider do? For starters, you can ignore the "provision for income taxes" that appears on the income statement. That number bears little relation to the size of the check sent to the IRS. For one thing, it includes state and foreign income taxes. For another, it includes money set aside for taxes that will be due in later years but that relate to profits made this year. For example, if GM takes fast depreciation on its tax return, it will lower its tax payments this year but have less depreciation—and therefore higher taxes—in a later year. GM handles this situation by reporting in its provision for income taxes the amount it pays immediately plus an additional sum for "deferred" taxes. The deferred taxes don't get sent to Washington right away. They are tucked away in a reserve.

Now turn to the footnotes. General Motors reports that its "current" federal tax for 1987 was minus $1.3 billion, meaning it got the equivalent of a refund for that amount. This figure does not include any of the reserves for deferred taxes. For a variety of complex reasons, it doesn't necessarily equal the bottom line on GM's tax return, but it comes closer than the "provision for income taxes" number in the income statement.

The "current" figure seems like a good one to use for true taxes paid, but different groups using the same footnotes come up with different numbers for effective tax rates. One reason is the GM finance subsidiary that finances cars. Citizens for Tax Justice includes that subsidiary's results in its tax numbers. Tax Analysts does not. General Motors' annual report does not, although GM did file a consolidated return with the finance sub. Thus, the $1.3 billion "refund" probably appears nowhere on GM's tax return, on which the car operations and the finance sub are lumped together.

Why doesn't Tax Analysts report GM's tax burden as minus $1.3 billion, the figure in the footnotes? Like the very matter of deferral itself, this issue relates to timing. In essence, there were some tax savings that could reasonably be assigned either to tax year 1987 or to an earlier year. Assign them to an earlier year and the tax burden in that earlier year looks lower. Assign them to 1987 and the tax burden in 1987 looks lower. Tax Analysts assigned them to 1987, thereby making 1987's effective "refund" larger.

And what is the $73 million figure that GM reports as its true tax burden for 1987? The company refuses to say just what the number represents or how it was calculated.—L.S.

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WHY BONDS ARE BECOMING AS SPECULATIVE AS STOCKS

NEW TWIST IN MORTGAGES— INFLATION-ADJUSTED PAYMENTS

JANUARY 23 1989 THREE DOLLARS SEVENTY FIVE CENTS

Forbes

COMPUTERS/COMMUNICATIONS

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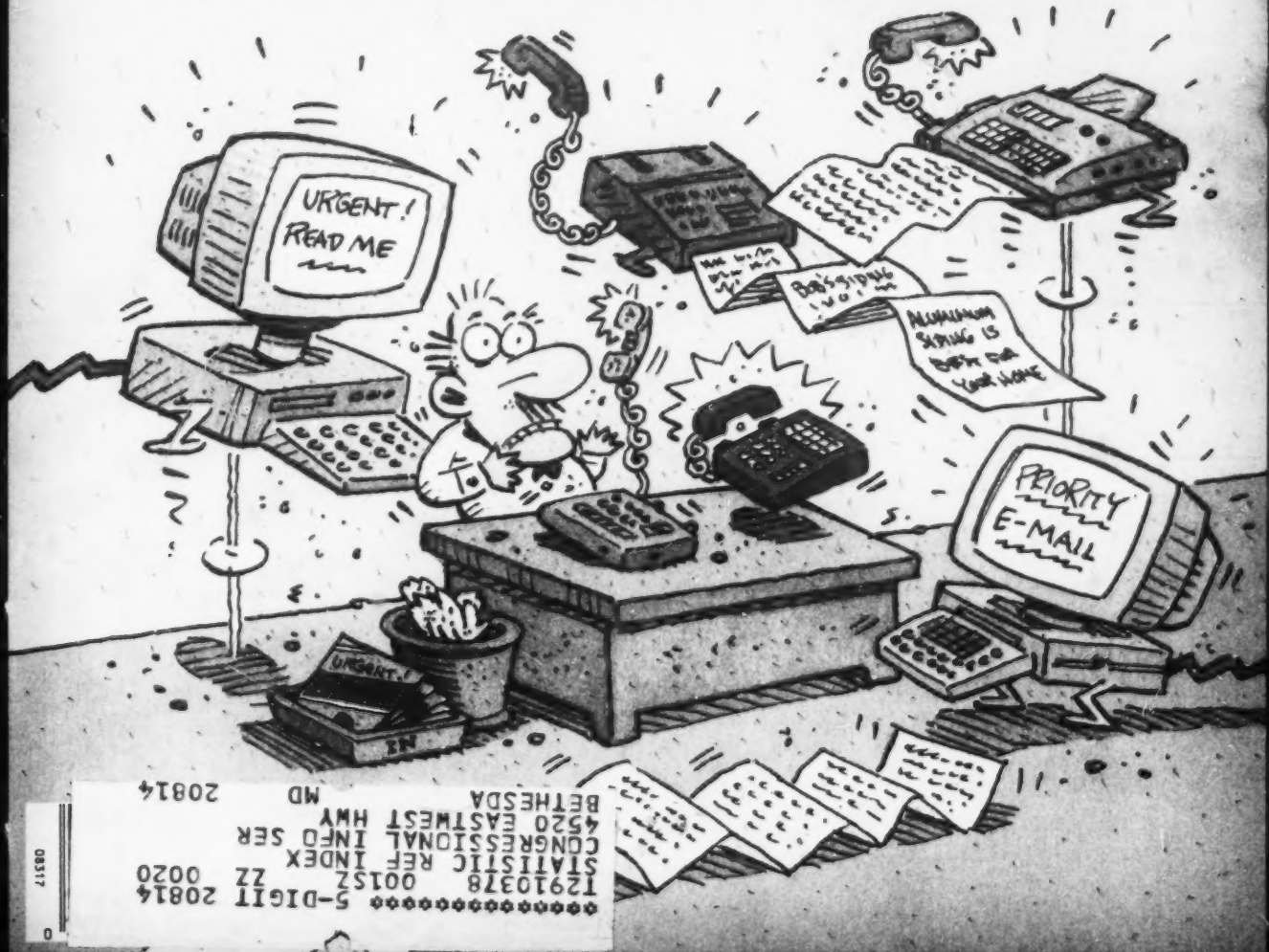

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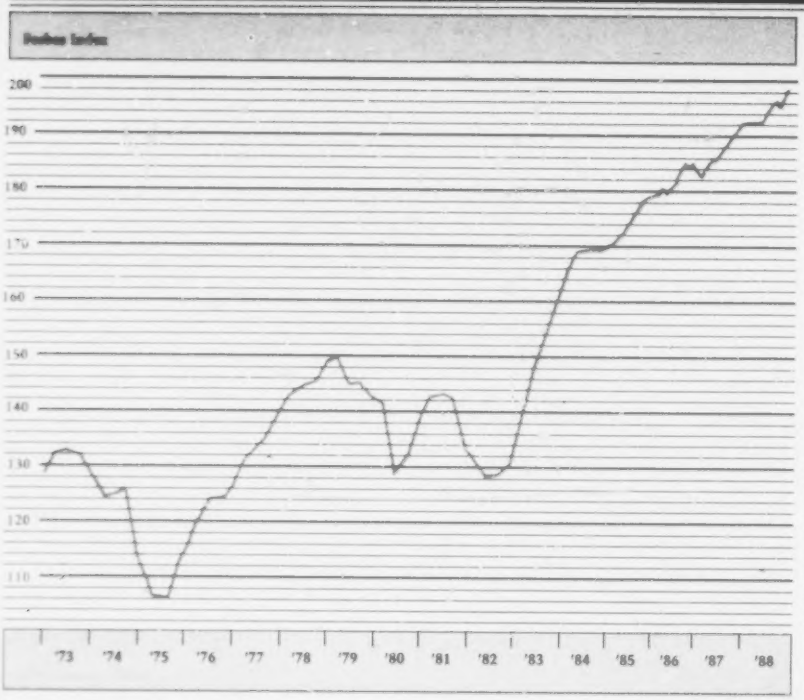
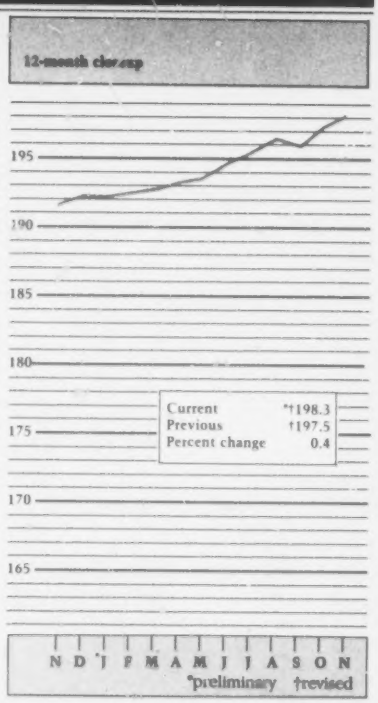
The Forbes Index





Cross currents. Forbes Index components are putting out mixed signals. The best news is in the Consumer Price Index component, up just 0.1% in November, smallest monthly increase of the year to date. The services component of the price index was up less than 0.2%. Manufacturers' new orders were up only 0.1%.

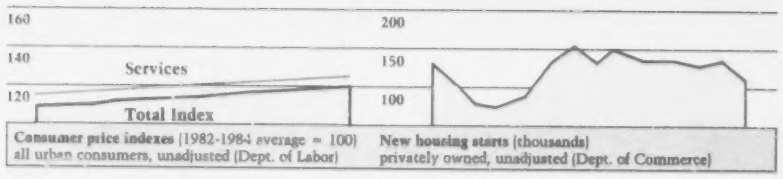
Less cheery is the word on personal income, up just 0.4% in November, second-smallest increase of the year.

Downright cheerless are the housing numbers. New housing starts of 112,600 in November (seasonally unadjusted) were 5.2% below the pace the year before. For the last 12 months residential building starts were 10.2% below the pace the year before. Rising interest rates are the main culprit behind the building slowdown.

The Forbes Index Components

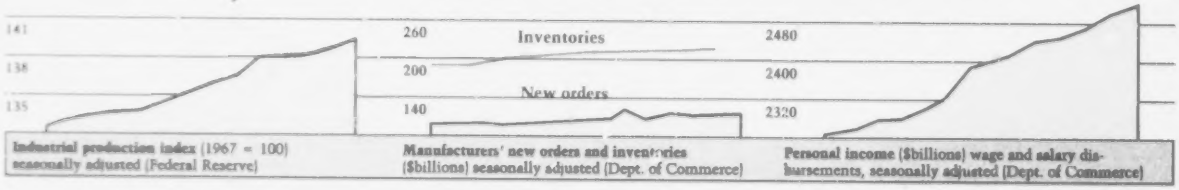
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, Forbes monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Consumer price indexes (1982-1984 average = 100) all urban consumers, unadjusted (Dept. of Labor)

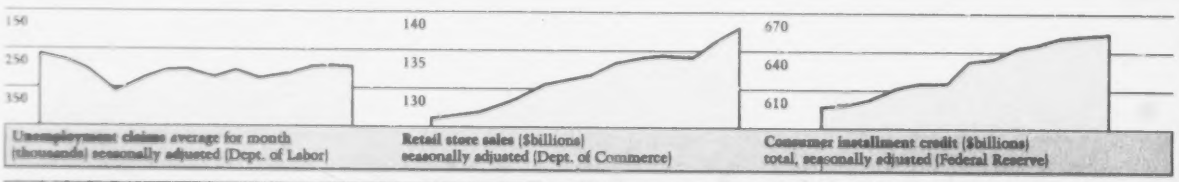
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)

Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)

Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



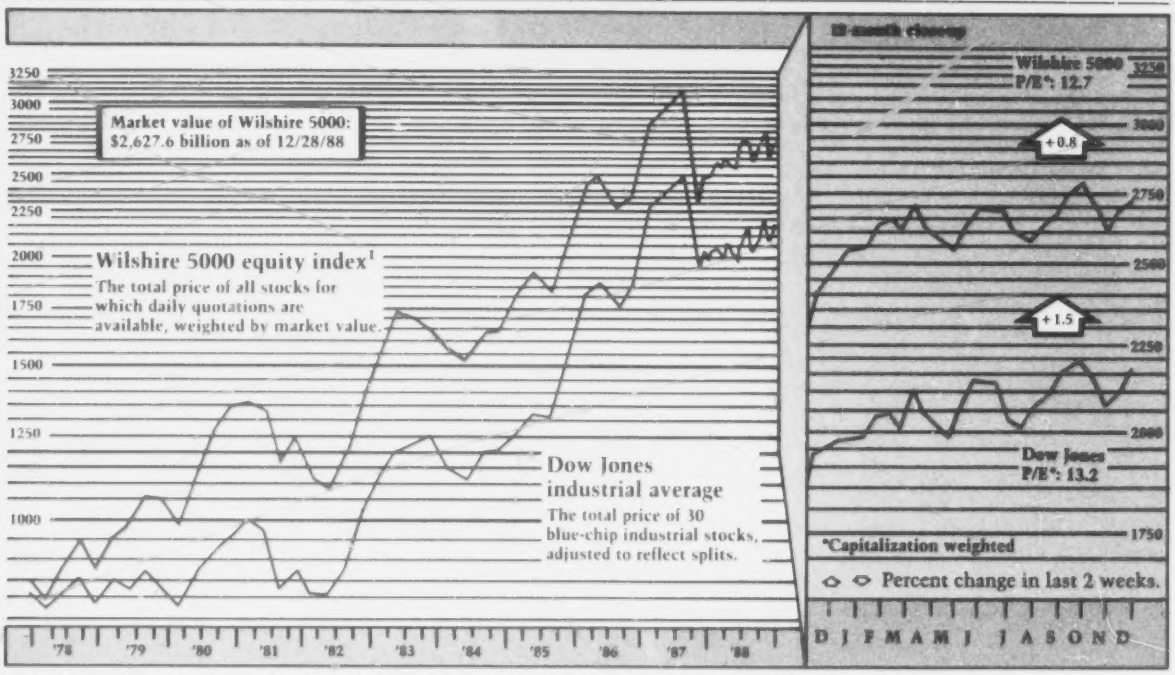
Unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)

Retail store sales ($billions) seasonally adjusted (Dept. of Commerce)

Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Is it cheap yet? Let's sit back and review the bidding. Investors are now paying $13.20 for every dollar of net profit earned on average by the 30 stocks that make up the Dow Jones industrial average. On that arithmetic, stocks are much better buys than they were in August 1987, when the Dow P/E hit 22.2, but not so cheap as they were in August 1982, when the Dow P/E was at 10. They are now paying $12.70 for an average $1 of the Wilshire 6,000's profit. In August 1987 the Wilshire P/E was at 23.4, and in August 1982 it was at 7.1.

Could we see a repeat of 1982's multiples? There's little reason to think so. Both the Dow and the Wilshire numbers, remember, are "capitalization-weighted," with big companies exerting much greater influence on them than smaller-capitalization shares. At current earning levels, the Dow would have to drop 500 points to get down to a P/E of 10—unlikely, unless investors suddenly and seriously sell off IBM, Exxon and other important stocks.

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	1.4	1.2	2.5	1.2	2.6	1.4
in last 52 weeks	12.7	12.3	11.1	12.5	17.4	14.3

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 21	under 8	over 4.5%	none	high	low	over $34	under $4
in last 4 weeks	1.4	2.1	4.6	0.0	3.1	1.2	–0.5	5.0	3.0	1.4	1.4	0.9
in last 52 weeks	14.7	54.8	73.2	24.2	25.1	31.5	20.4	70.1	59.8	24.0	19.2	45.9

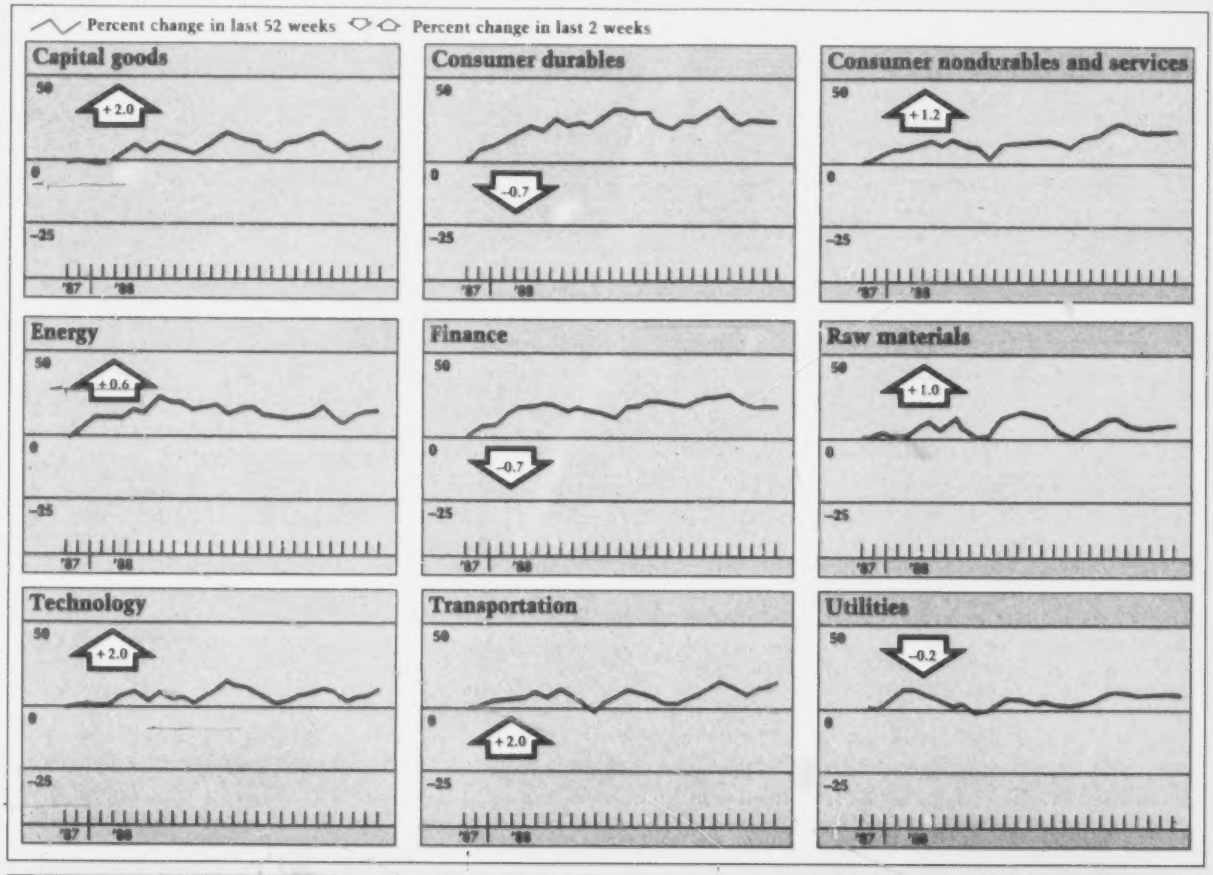
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. [2]Based on sales. [3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable. [4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 12/28/88. Prepared by Wilshire Associates, Santa Monica, Calif.

Steven Ramos

Where the Action Is

Quantum mechanics. Raw materials as a group slightly outperformed the broad market, and the best-performing stock in the raw materials sector, Quantum Chemical, was a star—up 22% over the two-week period. On Dec. 28 this $3 billion chemical manufacturer and the largest producer of polyethylene in the U.S. announced a recapitalization plan, which included a special $50 dividend payment. On the day the news broke, the stock gained over 18 points, to 107⅛, a gain of 21%. What about the lucky holders of Quantum call options? The January 105s closed at $^{3}/_{16}$ (18¾ cents per contract) on Dec. 27. After the announcement, the option flew to 4¼—a 2,167% increase. The weakest groups during the last two weeks were consumer durables and finance; both fell 0.7%.



What the Analysts Think

A dose of reality for Genentech. Security analysts cut their 1989 earnings estimates for Genentech by 18% over the past four weeks. The stock now sells for less than a quarter of its precrash price of 65¾. But this biotechnology pioneer is still not cheap: Based on the revised 1989 earnings forecast, it has a P/E of 25.8.

Forecasting the Forbes Sales 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.26	12.0
1989 estimates	3.98	9.8
1990 estimates	NA	NA

Rank based on change in estimate	Sector	Estimated 1989 EPS	Estimated 1989 P/E	% change in 1989 estimate in 2 weeks	% change in 1989 estimate in 4 weeks
1	Consumer durables	$4.91	11.2	0.82%	1.19%
2	Capital goods	3.05	12.3	0.73	0.68
3	Transportation	2.87	10.1	0.63	0.67
4	Raw materials	3.50	8.7	0.33	0.39
5	Energy	3.16	11.6	0.03	-0.18
6	Consumer nondurables	2.79	12.3	-0.04	-0.21
7	Utilities	2.54	9.8	-0.05	0.19
8	Technology	3.23	10.4	-0.19	-1.13
9	Finance	3.80	7.4	-0.80	-0.95

Earnings projections are capitalization-weighted consensus estimates from over 3,000 security analysts. Data are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm. NA: Not available.

Note: All data for periods ending 12/28/88. Prepared by Wilshire Associates, Santa Monica, Calif., IBES, a service of Lynch, Jones & Ryan, New York.

THINKING OF GETTING BACK INTO THE MARKET?

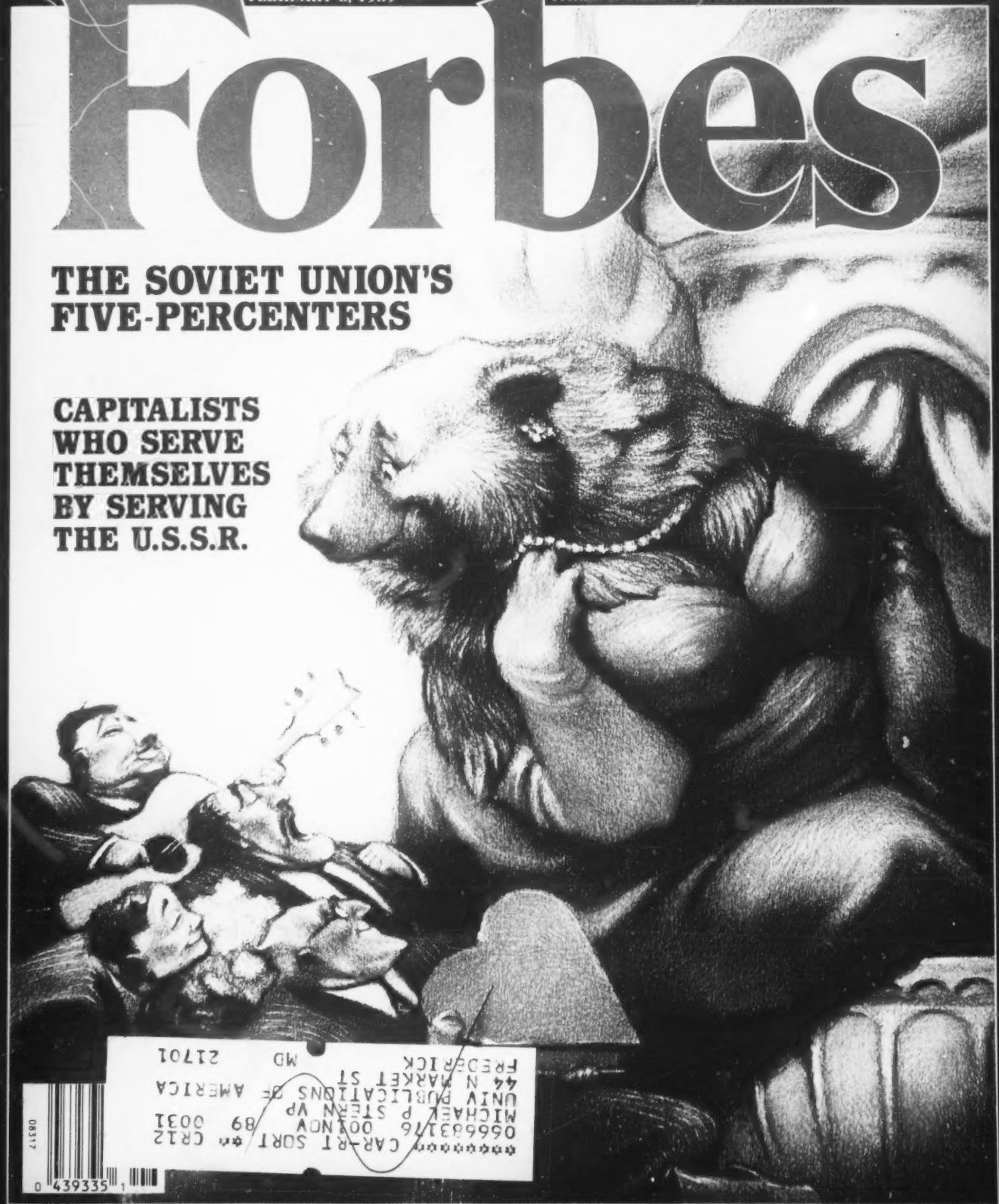
BULL/BEAR RATING ON 600 FUNDS

FEBRUARY 6, 1989 THREE DOLLARS SEVENTY-FIVE CENTS

Forbes

THE SOVIET UNION'S FIVE-PERCENTERS

CAPITALISTS WHO SERVE THEMSELVES BY SERVING THE U.S.S.R.



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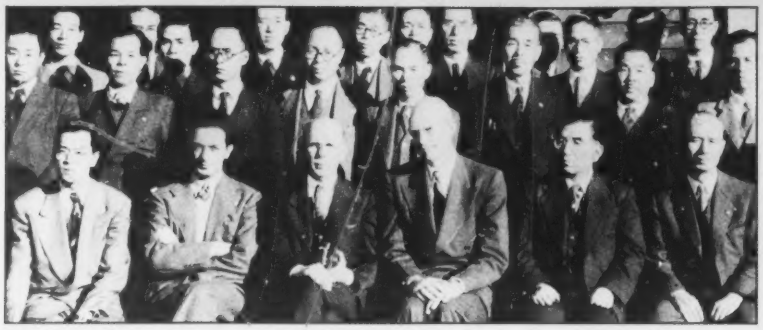

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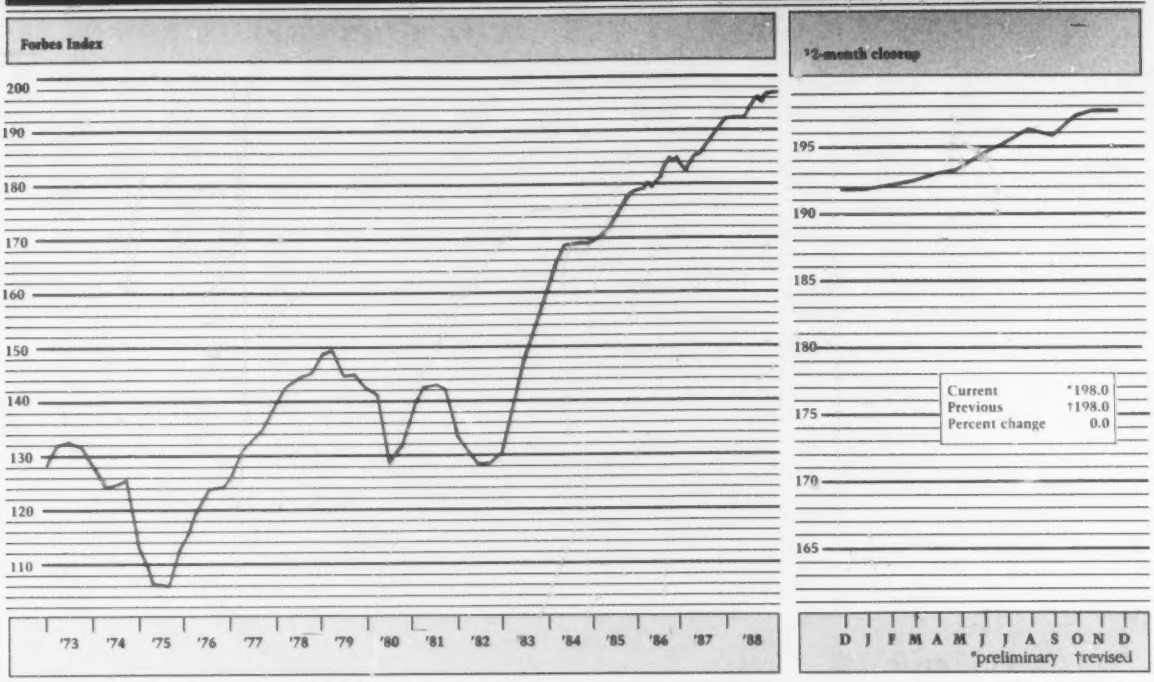
The Forbes Index



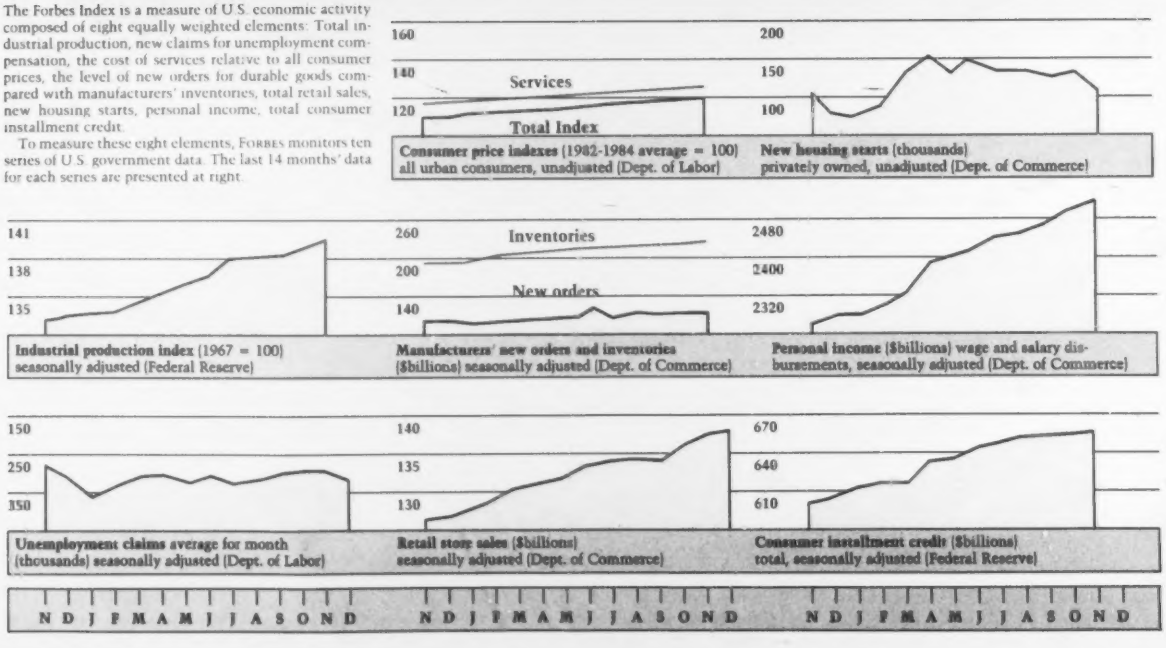
After the Gipper. Ronald Reagan left office with the economy entering a remarkable seventh year of expansion. The Forbes Index is up 54% from its 1982 low. But, as our Index shows, there have been breaks in the rise.

It's impossible to say that another break is in the making, but the newest data are surely mixed. Manufacturers' new orders declined a hair, less than 0.1%, in November after posting a 2.9% gain in October (revised). Inventories rose 0.7% in November, in line with recent monthly gains. New unemployment claims in December jumped 5.8%, to 311,300, the highest total since last July. And the revised third-quarter gross national product indicates the economy grew at a 2.5% annual rate, the slowest rate since the fourth quarter of 1986.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Forbes

There's more to these trade squabbles than hormones in beef. Protectionism is making a comeback throughout a world that seems to be grouping into three main trading blocs.

Sons of Smoot-Hawley

By Edwin A. Finn Jr.

UNLESS SOMETHING can be done to stop it, international trade will soon have degenerated from relatively free exchange to a system of three separate trading blocs. This is not just a threat. It is an emerging reality.

During the past two years, the broad outlines of these blocs have started to emerge. Call them the United States of North America, the United States of Europe and the United States of Asia. Statistics show that trade inside these blocs is growing at a rapid pace, while trade among these blocs is either declining or growing far more moderately. This reverses decades of booming and beneficial trade among the continents.

The trend is most pronounced in Europe, where regional integration is most advanced. Inside the European Economic Community, trade jumped nearly 15% since 1985, while EEC trade with nonmember countries actually fell by an estimated 10%.

Last year the trend surfaced in North America, with trade among the U.S., Canada and Mexico growing almost 20% in the first nine months, compared with a 5% increase in North America's trade with Europe *(see chart, p. 39)*. These trade patterns are expected to intensify as the Canada-U.S. Free Trade Agreement and the European community's 1992 unification plans take full effect.

Japan, meanwhile, has virtually recolonized Asia, building factories throughout the region. Little wonder Japan's trade with its Asian neighbors jumped an estimated 30% last year. Overall, trade within a nine-nation Asian bloc defined by FORBES grew at a 32% pace in 1988's first nine months. Asian trade with Europe and with North America in the same period was up substantially, too—10% and 17%, respectively—but not nearly as robustly as intra-Asian trade.

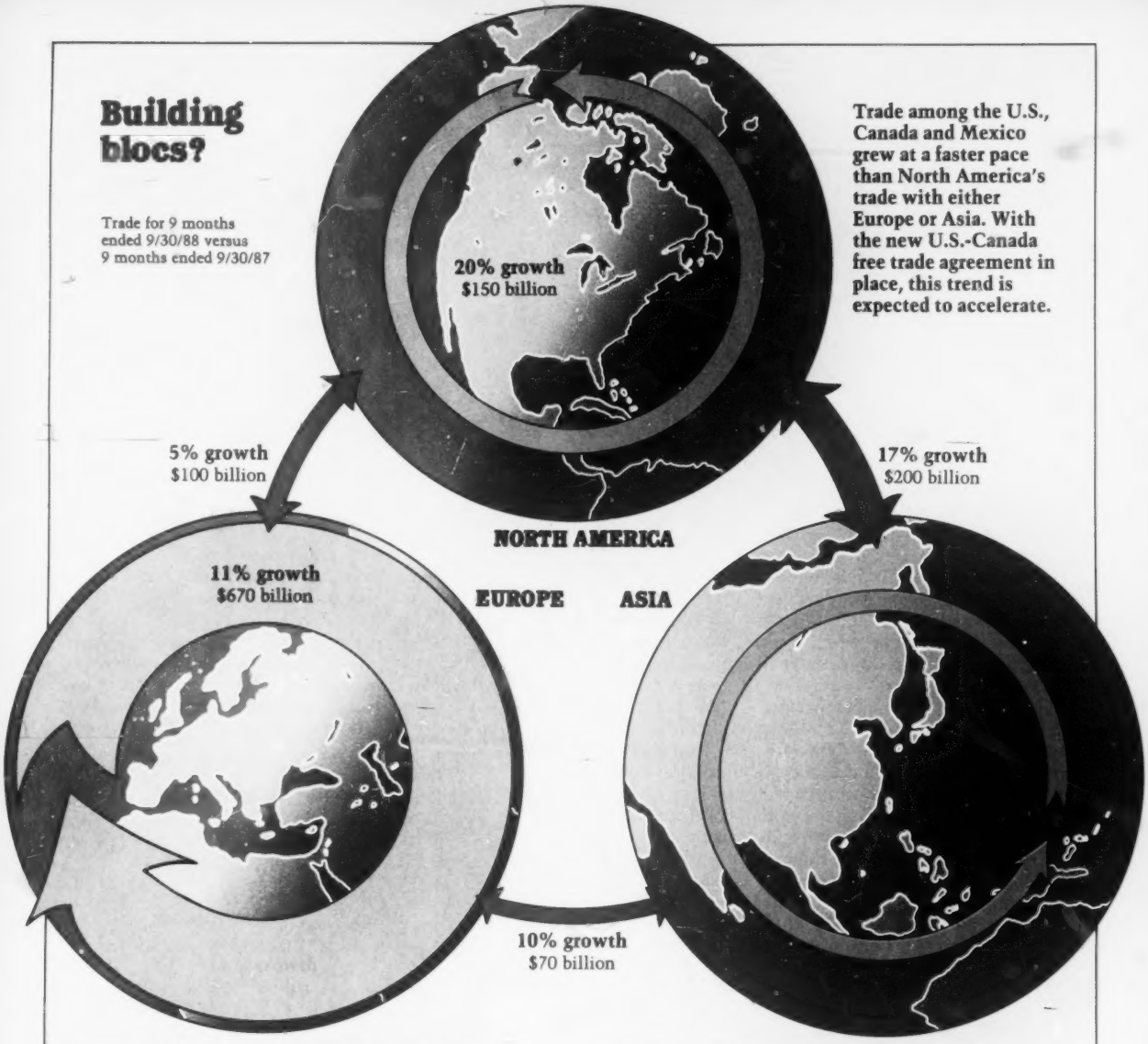
What accounts for the new trade patterns? To a great degree, protectionism, and the U.S. itself is no starry-eyed exception. Despite the Reagan Administration's commitment to free trade, protectionist actions in Washington over the past eight years have pushed the U.S.' share of total imports subject to quota or official restraint from 12% up to 23%. So-called "managed trade agreements" have been enacted to restrict imports of autos, machine tools, carbon steel and semiconductors. On top of that, the U.S. in the past eight years has imposed higher tariffs on motorcycles, specialty steel and shingles and shakes.

Congress is talking about setting up its own trade office to keep an eye on the presidentially appointed U.S. Trade Representative. Such an office would work in much the same way the Congressional Budget Office squares off against the President's Office of Management & Budget. This approach appears to be another example of congressional usurpation of presidential powers, encouraged by seemingly perennial Republican possession of the White House and Democratic control of Congress. But it could encourage protectionism, since Congress tends to represent parochial interests, while the White House tends to represent the interests of the country as a whole.

Even America's academic community—long a standard-bearer for free trade—is beginning to warm to selective forms of protectionism. One group of academics advances the argument that trade advantages in the late 20th century are increasingly determined not so much by a country's natural resource base or the skills of its people as by public policy: taxation, education and business regulation. In other words, government plays the major role in determining whether a country's businesses will be able to compete successfully with their foreign rivals.

The U.S. must fight fire with fire, these academics argue. For the U.S. to compete with Europe and Asia, Washington should help private American companies by funding research in selected sectors such as semiconductors and high-definition television.

If the U.S. is hardly innocent, it is not the worst offender. Protectionism is rampant in some European countries. Italy has adopted regulations that all but ban Japanese cars from the



Italian market. France now routinely holds Japanese electronics products at the border indefinitely for small infractions.

Despite the European Economic Community's protestations that the 1992 accord will promote free trade worldwide, the Community's own projections show that trade inside the EEC is expected to grow 10% in the next six to ten years, while the Community's imports from non-EEC countries will grow only 2% to 3%.

Business people are well aware of the trend toward protectionism and are acting in what they see as their own best interests. To ensure their access to foreign markets, they are increasingly setting up plants inside those markets. Thus, Korea's Hyundai Motor Co. has set up a plant in Canada to make its Sonata midsize cars for customers in Canada and the U.S. Foreign textile manufacturers from Hong Kong and elsewhere are setting up shop in the Caribbean, largely because President Reagan's Caribbean Basin Initiative assures these islands preferential access to the U.S. consumer market (FORBES, *July 25, 1988*).

Industry experts say that IBM, worried that Europe's 1992 regulations could exclude it completely from the continent's data processing business, is considering joint ventures with Eu-

ropean firms.

Smaller U.S. companies, fearing a protectionist backlash, are scrambling to get inside Europe well before 1992. Thus, Richardson Electronics, Ltd., a LaFox, Ill. manufacturer (sales, $120 million), recently acquired its first European factory, in Brive, France. Says Edward Richardson, the company's chairman and CEO, "We feel it would be much better to be in place when it all happens than to try to get in after 1992."

Will someone cry halt to the protectionist trend before it escalates into a trade war? It's impossible to say, but if a trade war does erupt, each of the three blocs is in an excellent position to go it alone.

Why? Because each bloc is roughly similar in macroeconomic terms. Each has solid sources of capital and technology. Each has considerable natural resources, though not quite enough to be self-sufficient. Each has regions where an abundant supply of inexpensive labor is readily available—North America in Mexico, Europe in Spain and Portugal, Asia in Indonesia, Thailand and the Philippines.

Europe, cocky over the prospects of 1992, is clearly in the mood to listen to protectionist arguments. The U.S., worried over its relative industrial decline, is, too. Perhaps the most vulnerable bloc is Asia, where the consumer market, at 480 million people, isn't as developed as in either the U.S. or Europe. Many Asians, remembering World War II, fear Japanese hegemony over their region. Also, Asia isn't knit together by a union such as the Canada-U.S. Free Trade Agreement or the European Economic Community.

But Asia's growing trade ties could prove a surprisingly powerful incentive to form some sort of union. Says David Hale of Kemper Financial Services Inc., a leading expert on international trade patterns, "Adding a political structure is just a short step from what the Asian trading market has [already] done."

Even those who support some form of modified protectionism agree that once the trend starts, it is difficult to reverse. Industrial policy could degenerate from the protection of selected industries to a restrictionist orgy benefiting companies and groups for political reasons, not only in the U.S. but everywhere.

After half a century of relative harmony on the trade front, protectionism is clearly making a noticeable comeback. Believers in free trade will make a big mistake if they treat the threat lightly. ■

What happens when a management truly focuses on the long term? It gets dumped on by trigger-happy investors. Sometimes that creates a fine opportunity for smarter investors. Consider Raychem.

"We've heard that all before"

By John Heins

"I'VE BEEN in the investment business for a long time," says Philip Fisher, 81, the eminent investment counselor and one of the pioneers of growth-stock investing. "And right now the market is more short-term-oriented than I've ever seen it."

That short-term orientation has just clobbered one of Fisher's favorite companies, Raychem Corp. of Menlo Park, Calif. This $1.1 billion (revenues) company sells sophisticated, proprietary materials and equipment to manufacturers in industries from aerospace to telecommunications [FORBES, *Nov. 2, 1987*]. For years the stock sold at a substantial premium over the market price/earnings ratio. But on Jan. 11 Raychem announced that sales in its fiscal second quarter (ended Dec. 31) would be flat, and that earnings would be "significantly lower" than the year before.

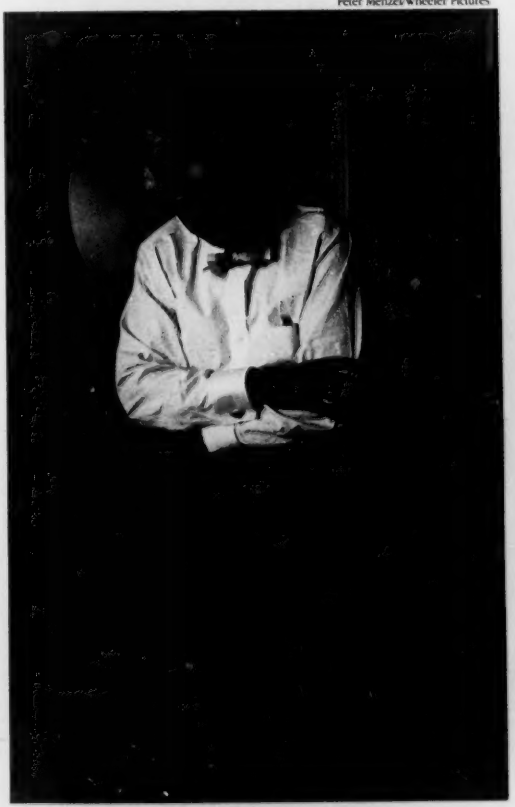
That was all the trigger-happy institutions needed to hear. They dumped the stock. It fell nearly four points, to around 31, wiping out some $135 million, or 11%, of Raychem's market value in one day.

Just six months ago Raychem traded at 54.

Can a company like this really be worth 42% less than it was six months ago? Only if it has demonstrably lost its touch. There is no reason to believe Raychem has lost its touch.

What's happening? Raychem sales and profits are off in cyclical markets such as oil services, chemicals and European defense electronics. Contin-

Peter Menzel/Wheeler Pictures



Raychem Chairman Paul Cook
"Our prospects are more solid than ever."

when you sell and realize a profit, regardless of whether you are over 55 or buy or build another home.

2) All of the interest on the portion of your loan used for home improvements is deductible; but none of it used to generate tax-free income can be deducted—now or ever. And note: Effective after Oct. 13, 1987, there are limits on how much you can deduct on second mortgages or home equity loans used for other than home improvement, purchase or construction. Generally, the limit is now $100,000 for married taxpayers filing jointly.

3) As of 1986, if you buy and finance a car used for business, and you are not self-employed, you can no longer deduct the interest on a car loan. If you lease it, however, you can deduct all the lease payments (which are substantially equivalent to the depreciation and interest), subject to business use rules. But you lose some deductions if the car is used less than 50% of the time for business. And if the car's value exceeds $11,250, the excess over that amount is deemed to be additional income to you.—**W.G.F.**

Sotheby's Art Market Trends

Index sectors	Dec 1988	One month ago	One year ago	Two years ago	Five years ago	One month % change	One year % change	Two years % change	Five years % change	Five years average annual % change
Old Master paintings	469	403	373	303	239	+16.4	+25.7	+54.8	+96.2	+14.4
19th-century European paintings	421	421	323	279	201	nil	+30.3	+50.9	+109.5	+15.9
Impressionist & Post-impressionist art	1,255	1,255	723	490	307	nil	+73.6	+156.1	+308.8	+32.5
Modern paintings (1900-1950)	1,138	1,138	757	512	282	nil	+50.3	+122.3	+303.5	+32.2
Contemporary art (1945 onward)	856	856	609	551	392	nil	+40.6	+55.4	+118.4	+16.9
American paintings (1800–pre-WWII)	1,076	958	871	698	556	+12.3	+23.5	+54.2	+93.5	+14.1
Continental ceramics	467	467	331	290	284	nil	+41.1	+61.0	+64.4	+10.5
Chinese ceramics	815	815	581	526	459	nil	+40.3	+54.9	+77.6	+12.2
English silver	388	388	381	343	219	nil	+ 1.8	+13.1	+77.2	+12.1
Continental silver	296	296	220	201	156	nil	+34.5	+47.3	+89.7	+13.7
American furniture	484	484	459	404	239	nil	+ 5.4	+19.8	+102.5	+15.2
French & Continental furniture	409	409	319	299	257	nil	+28.2	+36.8	+59.1	+9.7
English furniture	822	822	634	517	328	nil	+29.7	+59.0	+150.6	+20.2
Aggregate index*	740	727	512	403	286	+1.8	+44.5	+83.6	+158.7	+20.9

Basis: 1975 = 100 ($).

©Sotheby's 1989

*Contemporary art was added to the Art Index in September 1987. The aggregate index excludes this category prior to that date.

Sotheby's Art Market Trends reflect subjective analyses and opinions of Sotheby's art experts, based on auction sales and other information deemed relevant. Nothing in Sotheby's Art Market Trends is intended as investment advice or as a prediction or guarantee of future performance or otherwise.

Index highlights

At the American paintings auctions in New York in December, American Impressionist works dominated, accounting for over half of dollar sales. "A Spring Morning" by Childe Hassam fetched $2.3 million, a record for the artist, and "Gravesend Bay" by William Merritt Chase brought $2.2 million, also a record.

Sales of Old Master paintings in London saw active bidding. A painting of the Holy Family by the 17th-century painter Bartolomé Esteban Murillo, consigned by the Dutch royal family, fetched $1.2 million, ten times its presale estimate and a record for the artist. A painting by Guido Reni made $1.5 million against an estimate of $129,000. Buyers were selective, however, spending high sums for only the best-quality works.

Sotheby's

Hassam's "A Spring Morning"

A series of sales of Chinese ceramics and works of art held in Hong Kong, New York and London marked a steady rise in prices for the very best in Chinese art. A few high-priced lots remained unsold, however, which attests to the current level of selectivity in the market.

Market highlights

Worldwide sales for Sotheby's and Christie's, the two largest international auction houses, totaled just under $1.6 billion in the fall season, a 53% increase over the same period in 1987. For 1988 as a whole, sales totaled over $3.2 billion, an increase of about 30%. The fall and full-year numbers are records for both houses.

Not long ago television station prices could only go up. Today buyers are notable by their absence, and it seems that station prices, at least for now, can only go down.

Negative ratings

By Peter Newcomb

NEXT TIME some friend or stockbroker insists that the laws of gravity and of supply and demand do not apply to some investment, remind him or her of television stations—a can't-miss investment concept if ever there was one.

Lots of smart people believed. In October 1987, for example, broadcasting entrepreneur George Gillett purchased six television stations, five of them network affiliates, in partnership with leverage specialists Kohlberg Kravis Roberts & Co. Price tag? A hefty $1.3 billion, or some 13 times year-ahead cash flow; the deal was mostly financed by high-yield bonds sold by Drexel Burnham Lambert. A year earlier Knight-Ridder bought three stations from Gannett for $160 million, at 12 to 13 times cash flow.

It now looks as if Gillett and Knight-Ridder bought at the very top.

Brokers and analysts figure that over 50 of the country's 650 network-affiliate TV stations are either officially listed or are rumored to be on the auction block. Market value? Over $2 billion. Potential buyers are not besieging the sellers with rich offers.

George Gillett admits that he is trying to sell three of the affiliate stations, most of which are in big cities, that he bought during 1986-87. Rumored to be close to a sale is Gillett's WSMV-TV, the affiliate in Nashville. Gillett remains confident that he will find people willing to pay strong multiples. Perhaps. Meanwhile, his junk bonds are at discounts and Gillett may be having trouble servicing his debt. Brokers say he's asking for 17 times cash flow, and he won't be able to get anywhere near that. Advises Shearson Lehman Hutton investment banker Frederick Seegal, "When the market's 12, you don't ask 17 on the expectation you can get 13."

Knight-Ridder is trying to sell all eight of its TV stations. A Knight-Ridder spokesman says the company wants to concentrate on its core business, publishing. Whatever the reason, it's clear that Knight-Ridder could take a big hit on the stations it bought in 1986. Richard Blackburn, whose Blackburn & Co. brokered nearly $500 million in media transactions last year, says of TV station buyers and sellers: "They're dancing with each other, but no one is going home with anybody." Unable to get a decent offer for its Hartford station, WVIT-TV, Viacom Inc. recently pulled it off the market.

From the potential buyer's standpoint, there are two parts to the prob-

Susan Blubaugh

Mixed bag

The six broadcasters listed below are among the more pure-play television station companies. While the market values of big Capital Cities/ABC and cash-rich CBS are holding up well, the stocks of newcomers Price Communications and TVX were trading near their lows until very recently.

Company	No of stations	Cash flow latest 12 mos ($mil)	Market value ($mil)	Market value/ cash flow	Recent price	Price range (52 weeks)	
Capital Cities/ABC	8	$372	$6,437	17	356½	369¾	297
CBS	4	504	4,072	9	174⅜	182¾	146
Chris-Craft Industries	7	22	499	23	22⅛	24⅜	16⅞
Great American Communications	5	46	294	7	9⅜	12¾	7¾
Price Communications	9	13	47	4	7⅜	10⅝	5¾
TVX Broadcast Group	9	–50*	9	0.2	3⅞	4¼	1¼

* Estimate

Source: Media General, via Lotus CD Investment

lem: accurately projecting cash flow, and paying an appropriate multiple for that income. "Declining audiences, the threat of nonnetwork TV and the slumping national advertising market don't mean that television is not a good business," says Communications Equity Associates Chairman Rick Michaels. "But it's not a good business at 15 times cash flow." Michaels sees multiples settling down between 9 and 10 times cash flow, maybe as low as 8 for small markets.

There is little in the immediate picture that would encourage buyers to pay high multiples. Most media people are forecasting single-digit advertising growth rates for the coming year. Sharon Armbrust, senior analyst at media analysts and investors Paul Kagan Associates, estimates that broadcast network advertising for 1989 will be up only 5% over 1988, to $9.7 billion; that compares with the 10% growth rates common during the 1970s and early 1980s. Armbrust further notes that the networks' combined prime-time viewership has dropped from 90% in 1978 to a projected 60% this year.

"We're now in a down cycle [in TV station prices]," says Shearson Lehman's Seegal. "Some of the financial institutions that used to be very aggressive in lending to broadcasting are saying, 'Wait a second, maybe we better rethink some of our aggressiveness.' " As in real estate, so in broadcast: no financing, no deals.

Perhaps the darkest cloud overhanging the stations is network compensation. Since the inception of network-sponsored programming, networks have paid their affiliate stations for airing the programs. For most stations, compensation brought in 4% to 5% of the stations' total revenue. For smaller, more remote markets, this number could double. Network compensation was bottom-line pure profit for the affiliate stations—no expense, no overhead.

Now the networks are reconsidering the example set by WPBF-TV, ABC's affiliate in West Palm Beach. In January this year, WPBF became the first affiliate to pay its network for programming. "I am amazed networks haven't gotten wise to it years ago," says Eric Strauss, a vice president for Henry Ansbacher, a media mergers and acquisitions firm. Potential station buyers, he adds, "are going to have to wonder what this means to them over the long term."

As if all this isn't bad enough, audience viewing habits are changing. Last fall's writers' strike further eroded network audiences. Independent stations, on average, now account for about 25% of all TV viewing; ad-supported cable accounts for another 12% or so. In the November sweeps, when the networks do their utmost to win viewers, independent stations won a 23 share; each of the three networks won a 20 share.

Are the networks themselves in trouble? Not really. They have other things going for them. Under Laurence Tisch, CBS Inc. sits on $1.5 billion in cash, from selling off assets. Cap Cities/ABC has hedged some of its loss in network viewership through ESPN, the fast-growing sports cable station. For its part, NBC is making serious moves into cable; in April it will air CNBC, a consumer news and business channel. As regards their basic business, Kagan Associates' Armbrust reminds that the networks still offer major advertisers the ability to reach the mass audience. "Broadcast TV," she says, "still is the only place in town to do major bulk advertising." But at a price. Armbrust adds: "Remember, it costs billions of dollars to program these networks."

Where the news is almost universally gloomy, as now seems to be the case in TV station land, the intelligent question to ask is: Should I buy? Now? Steven Rattner, a managing director at Morgan Stanley & Co., is optimistic. He figures the doom and gloom has been fully factored into station prices. "It's a great time to buy," he says.

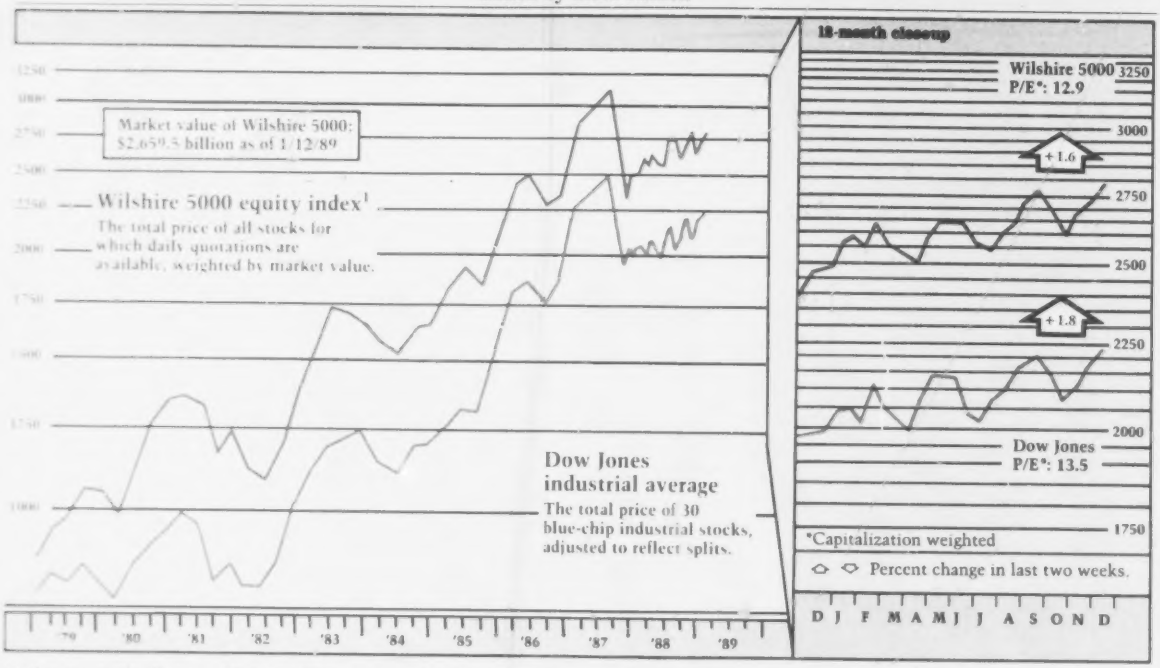
Gulf & Western Corp. would seem to agree. Its Paramount Pictures subsidiary has just bought an option to purchase a 79% stake in TVX Broadcast Group. The ultimate price, between $125 million and $180 million, will depend on how well the stations do over the next four years. Such prudence squares with analyst Eric Strauss' thinking. "When you buy at 9 times cash flow, you can take on some uncertainty and you can take some chances," says Strauss. "When you buy at 14 times, you better know things are growing in double digits."

Stanley S. Hubbard is the chief executive officer of family-owned Hubbard Broadcasting, Inc., a multistation outfit based in Minneapolis. At 55, he has lived through—and profited from—many broadcast property cycles, and he thinks there is still plenty of air in station prices even now. "People have paid multiples that are ridiculous," booms Hubbard. "I see multiples going down to eight. I'd wait a bit to buy."

It's an old story. One-decision growth stocks. Residential real estate in Greenwich, Conn. TV stations. When anyone tells you "prices can only go up," smile politely and keep your wallet in your pocket. ■

The-Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Only some bulls are back. The Dow industrials' push above 2200 on Jan. 11 brought it to a postcrash high. But the market for initial public offerings remains quiet. Over the last 30 days the number of new issues as a percentage of stocks on the New York Stock Exchange was only 1.5%, not much of an improvement over the October 1988 postcrash low of 1.3%. In March of 1987, the good old days, initial public offerings represented 5% of New York Stock Exchange-listed shares.

For the most recent two weeks the Dow advanced 1.8%. Stocks listed on the American and over-the-counter markets did even better, rallying by 3.7% and 2.1%, respectively. The energy and transportation sectors fared the best, while the technology and utility groups lagged behind. Over the last 12 months the American Stock Exchange composite has been the best performer, with a 19.4% increase, versus gains of under 16% for the NYSE and Nasdaq.

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	3.5	3.0	4.2	3.3	7.0	3.8
in last 52 weeks	15.5	15.1	16.0	15.4	19.4	15.8

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 21	under 8	over 4.5%	none	high	low	over $34	under $4
in last 4 weeks	4.1	7.9	14.5	1.9	6.2	5.2	2.7	8.7	9.3	4.0	3.7	8.8
in last 52 weeks	17.5	48.1	71.3	20.7	26.8	29.6	18.0	69.9	54.0	24.9	21.2	37.7

Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. [2]Based on sales. [3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable. [4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

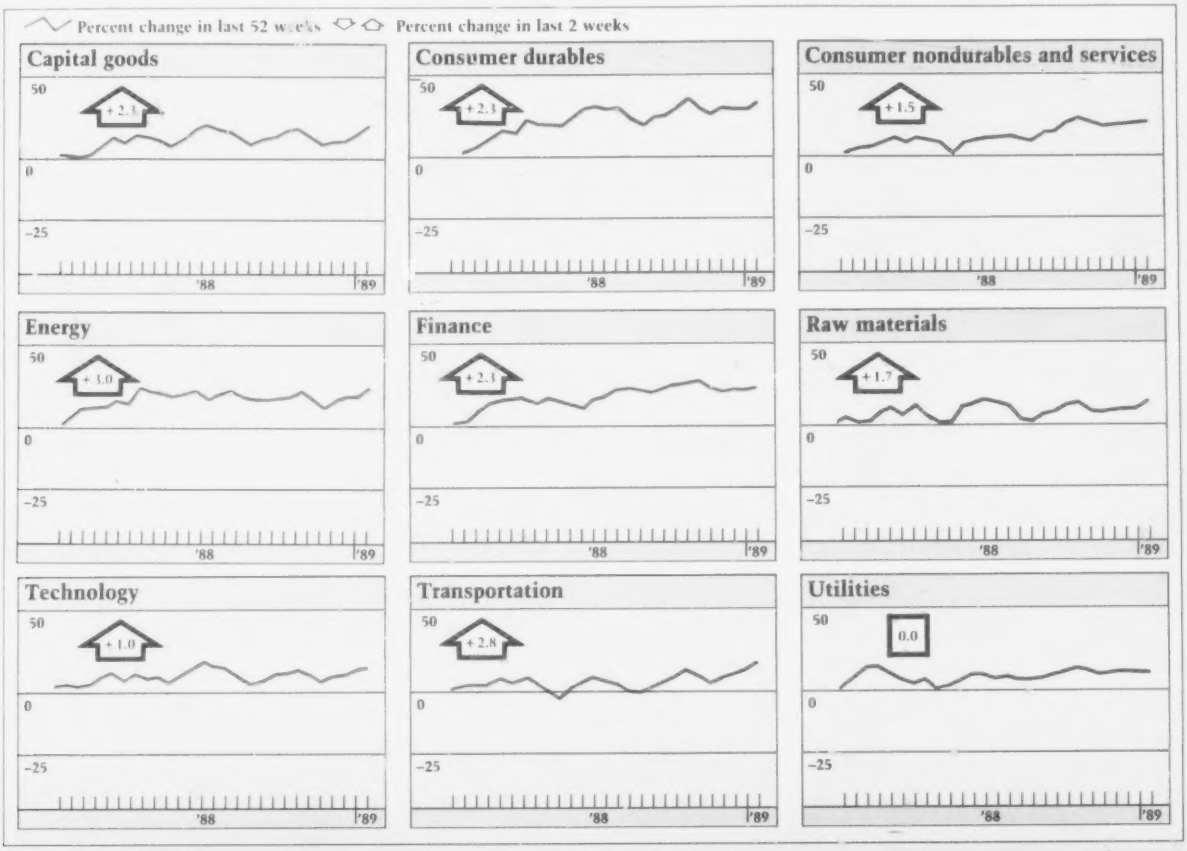
Note: All data for periods ending 1/12/89. Prepared by Wilshire Associates, Santa Monica, Calif.

Steven Kamin

Where the Action Is

Wall Street wants culture. Consumer nondurables was one of the weaker groups over the last two weeks, but one stock in this group, Sotheby's Holdings, had the best performance of any major issue. Sotheby's Holdings, which auctions art and other collectibles—these are nondurable?—advanced 23%, to 24½. Salomon analyst Harvey Katz estimates Sotheby's Holdings' 1988 earnings at $2.20, and he forecasts 1989 profits of $2.60 per share.

Energy stocks showed the best two-week performance, with a gain of 3%. McDermott International, Freeport-McMoRan, American Barrick Resources and Gulf Canada all advanced more than 10% while Eastern Gas & Fuel, Noble Affiliates, Kerr-McGee, Sun Inc. and Anadarko Petroleum posted small declines.



What the Analysts Think

Behind the averages. The major sectors showed little overall change in 1989 earnings estimates over the last two weeks, but analysts made sharp revisions in some individual forecasts. National Intergroup had the largest estimate cut for a major company as analysts scaled back their 1989 projection from $1.60 to $1.08.

Forecasting the Forbes Sales 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.25	12.2
1989 estimates	3.96	10.0
1990 estimates	NA	NA

NA: Not available.

Rank based on change in estimate	Sector	Estimated 1989 EPS	Estimated 1989 P/E	% change in 1989 estimate in 2 weeks	% change in 1989 estimate in 4 weeks
1	Energy	$3.42	11.4	0.25%	0.28%
2	Consumer durables	4.84	11.7	0.23	1.06
3	Utilities	3.12	9.8	0.18	0.13
4	Transportation	2.87	9.7	–0.04	0.58
5	Capital goods	3.05	12.6	–0.05	0.68
6	Consumer nondurables	2.77	12.7	–0.14	–0.24
7	Raw materials	3.48	9.0	–0.14	0.19
8	Finance	3.76	7.6	–0.19	–0.96
9	Technology	3.23	10.6	–0.28	–0.47

Earnings projections are capitalization-weighted consensus estimates from over 3,000 security analysts. Data are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 1/12/89. Prepared by Wilshire Associates, Santa Monica, Calif., IBES, a service of Lynch, Jones & Ryan, New York.

Stock and balanced funds

The hot-funds lists are out already. These are the newspaper listings of which funds went up the most last year or last quarter. What follows in this semiannual evaluation is rather different. FORBES rates funds separately in bull and bear markets. Any aggressive fund can do well in an up year like 1988, but it takes talent to do that and still get an honor grade in bear markets.

If you want to get good recent performance with a proven ability to hold up in bear markets, look for a fund that scores an A in down markets and was up 25% or more last year. There are five: two of the Mutual Series portfolios, Mutual Benefit, Vanguard Windsor and Vanguard High-Yield Stock.

This year's semiannual survey (our larger annual survey is published in September) has been expanded to 419 equity funds. We include all those that have more than $2 million in assets and have been around for at least two market cycles, as determined by the Standard & Poor's 500 average. The last two up-and-down cycles cover the period July 31, 1982 to Dec. 31, 1988. Funds that date back to Feb. 28, 1978 are rated over three market cycles.

Foreign funds are rated over market cycles as measured by the Morgan Stanley Capital International dollar-adjusted index for Europe, Australia and the Far East. The foreign rating periods now start at Oct. 31, 1980 instead of Nov. 30, 1977, a shift that hurt gold funds, which did best in the late 1970s. For example, Franklin Gold Fund dropped from from a B to a D.

Data for the tables come from the Forbes/CDA Equity Fund Evaluator, a microcomputer-based screening and reporting package. Lipper Analytical Services also assisted in producing this report.

—Our taxable bond and preferred fund report begins on page 160. The tax-exempt bond listing begins on page 162.

Fund	Performance in UP markets	DOWN markets	12-month total return
ABT Growth & Income Trust	B	D	19.4%
ABT Utility Income Fund	D	A	15.5
*Acorn Fund	B	B	24.4
*Adams Express	D	B	12.9
Affiliated Fund	C	B	12.6
*Afuture Fund	D	D	1.5
Aim Convertible Securities	D	D	10.9
Alliance Balanced Shares	C	B	16.3
Alliance Dividend Shares	D	B	16.5
Alliance Fund	C	C	16.4
†Alliance Global—Canadian Fund	D	C	30.9
†Alliance International Fund	A	C	33.0
Alliance Technology Fund	A	D	0.6
AMA Growth Fund—Classic Growth	D	D	10.6
Amcap Fund	B	B	8.9
American Balanced Fund	C	B	12.8
American Capital Comstock Fund	C	A	14.7
*American Capital Convertible Securities	A	B	17.8
American Capital Enterprise Fund	A	D	12.0
*American Capital Exchange Fund	C	C	18.2
American Capital Harbor Fund	A	D	16.7
American Capital Pace Fund	B	A	12.1
American Capital Venture Fund	D	B	3.6
American Growth Fund	D	B	8.4
American Investors Growth Fund	D	F	18.5
American Leaders Fund	D	A	12.1
American Mutual Fund	D	A	12.8
American National Growth Fund	B	C	6.0
American National Income Fund	D	A	10.0
AMEV Capital Fund	A	C	5.2
AMEV Fiduciary Fund	A	C	7.0%
AMEV Growth Fund	A	C	7.8
Amway Mutual Fund	D	D	6.6
*Analytic Optioned Equity Fund	D	A	15.6
*Armstrong Associates	C	C	15.7
*†ASA Limited	D	D	–31.7
Axe-Houghton Fund B	B	D	8.9
Axe-Houghton Stock Fund	A	F	–0.2
*Babson Growth Fund	C	C	15.9
*Baker, Fentress & Co	B	C	13.2
*Bancroft Convertible Fund	B	F	3.5
*Beacon Hill Mutual Fund	D	B	4.3
*Bergstrom Capital[1]	B	A	16.7
Boston Co Capital Appreciation Fund	C	B	19.0
Bridges Investment Fund	C	C	–4.2
Bull & Bear Capital Growth Fund	B	D	13.8
Bull & Bear Equity-Income Fund	D	B	15.4
†Bull & Bear Gold Investors	D	D	–13.5
*Capital Exchange Fund	B	C	5.7
Cardinal Fund	C	B	16.6
*Castle Convertible Fund	D	B	10.1
*Central Securities	B	C	15.6
*Century Shares Trust	D	A	15.6
Charter Fund	B	C	3.9
*Chestnut Street Exchange Fund	B	B	15.4
Cigna Growth Fund	C	C	10.1
Colonial Equity Income Trust	C	B	18.5
Colonial Fund	B	C	21.6
Colonial Growth Shares Trust	B	C	25.2
Colonial Strategic Income—Diversified	D	B	16.6

*Fund has no load or shareholder-paid 12b-1 plan. †Foreign funds were rated over down market periods from 10/31/80 to 9/30/82, 4/30/84 to 7/31/84, and 9/30/87 to 10/31/87, and for up market periods from 9/30/82 to 4/30/84, 7/31/84 to 9/30/87, and 10/31/87 to 12/31/88. Foreign market cycles were measured with the dollar-adjusted Morgan Stanley Capital International EAFE (Europe Australia Far East) Index. [1]Formerly Claremont Capital.

Source: Forbes/CDA Equity Fund Evaluator on diskette

Fund Ratings

Stock and balanced funds

Fund	Performance in UP markets	Performance in DOWN markets	12-month total return
*Columbia Growth Fund	A	C	10.8%
Commonwealth Indenture A & B	D	A	3.7
Commonwealtl	D	A	3.2
Composite Bond & Stock Fund	C	C	14.7
Composite Growth Fund	C	A	18.6
Constellation Growth Fund	A+	F	16.3
*Copley Fund	D	A	19.9
Country Capital Growth Fund	C	C	13.7
Country Capital Income Fund	D	A	6.2
Criterion Income—Commerce Inc Shares	C	C	6.5
Criterion Pilot Fund	C	D	0.9
Criterion Sunbelt Growth Fund	C	C	6.8
Dean Witter American Value Fund	B	D	10.8
Dean Witter Dividend Growth Secs	C	A	18.8
Dean Witter Natural Resource Dev	D	C	14.4
†Dean Witter World Wide Investment	D	A	14.1
Delaware Group Decatur Fund—I	D	A	19.9
Delaware Group Trend Fund	C	B	26.6
*Depositors Fund of Boston	B	D	12.8
*Diversification Fund	B	C	9.7
Dividend/Growth—Dividend	D	B	4.4
*Dodge & Cox Balanced Fund	B	D	11.6
*Dodge & Cox Stock Fund	A	B	13.8
Drexel Burnham Fund	C	B	11.8
*Dreyfus Convertible Securities Fund	C	C	22.6
*Dreyfus Fund	D	B	8.7
*Dreyfus Growth Opportunity Fund	A	D	17.9
Dreyfus Leverage Fund	B	C	1.8
*Dreyfus Third Century Fund	B	C	23.2
Eaton & Howard Stock Fund	D	B	14.9
Eaton Vance Growth Fund	B	B	8.5
Eaton Vance Income Fund of Boston	D	A	15.2
Eaton Vance Investors Fund	C	C	10.7
Eaton Vance Special Equities Fund	D	B	11.2
Eaton Vance Total Return Trust	C	A	12.0
*Energy Fund	C	C	16.5
*Engex	A+	D	13.8
Enterprise Group—Growth	C	B	19.7
*Equity Strategies Fund	C	C	37.2
*Evergreen Fund	A	C	22.9
*Evergreen Total Return Fund	C	A	15.8
*Exchange Fund of Boston	B	C	8.6
Fairfield Fund	A	D	11.1
*Fairmont Fund	B	C	3.1
FBL—Growth Common Stock	D	C	11.6
*Federated Exchange Fund	B	C	11.2%
*Federated Stock & Bond Fund	D	B	9.3
*Federated Stock Trust	A	B	12.7
*Fidelity Congress Street Fund	B	B	11.6
*Fidelity Contrafund	B	C	21.0
*Fidelity Destiny Portfolio I	A	B	18.8
Fidelity Equity Income Fund	C	A	22.5
*Fidelity Exchange Fund	B	B	16.4
*Fidelity Fund	C	B	17.9
Fidelity Magellan Fund	A+	A	22.7
Fidelity Puritan Fund	B	B	18.8
Fidelity Select—Energy	D	B	15.9
Fidelity Select—Financial Services	B	B	12.1
Fidelity Select—Health Care	A	D	8.8
Fidelity Select—Prec Metals & Mins	B	F	–23.9
Fidelity Select—Technology	C	F	–2.7
Fidelity Select—Utilities	D	A	16.5
*Fidelity Trend Fund	C	C	24.2
*Fidelity Value Fund	B	B	29.0
*Fiduciary Capital Growth Fund	D	C	18.8
*Fiduciary Exchange Fund	B	C	11.6
*Financial Dynamics Fund	C	D	9.1
*Financial Industrial Fund	C	D	5.9
*Financial Industrial Income Fund	D	A	15.3
*†Financial Strategic—Pacific Basin	B	D	23.2
First Investors Discovery Fund	D	D	17.0
First Investors Fund for Growth	D	F	11.5
†First Investors International Securities	C	C	15.8
44 Wall Street Equity Fund	C	F	32.3
44 Wall Street Fund	D	F	19.3
Founders Blue Chip	C	C	10.0
Founders Equity Income Fund	D	A+	11.1
Founders Growth Fund	A	C	4.8
*Founders Special Fund	A	D	13.1
FPA Capital Fund	C	C	18.1
FPA Paramount Fund	D	A	20.7
Franklin DynaTech Fund	C	D	6.5
Franklin Equity Fund	B	C	25.4
†Franklin Gold Fund	D	D	–10.6
Franklin Growth Fund	D	B	9.1
Franklin Income Fund	D	A	8.2
Franklin Option Fund	D	A	19.0
Franklin Utilities Fund	F	A+	11.6
Fund of America	C	B	16.1
Fund of the Southwest	C	C	19.4

*Fund has no load or shareholder-paid 12b-1 plan. †Foreign funds were rated over down market periods from 10/31/80 to 9/30/82, 4/30/84 to 7/31/84, and 9/30/87 to 10/31/87, and for up market periods from 9/30/82 to 4/30/84, 7/31/84 to 9/30/87, and 10/31/87 to 12/31/88. Foreign market cycles were measured with the dollar-adjusted Morgan Stanley Capital International EAFE (Europe Australia Far East) Index. *Source: Forbes/CDA Equity Fund Evaluator on diskette*

Fund Ratings

Stock and balanced funds

Fund	Performance in UP markets	Performance in DOWN markets	12-month total return
Fundamental Investors	B	B	14.9%
*Gateway Option Index Fund	F	A	19.8
*General American Investors	A	C	15.1
*General Securities	D	B	13.9
Gintel Erisa Fund	D	A	22.0
*Gintel Fund	D	B	29.3
*GPM Fund	B	C	18.4
Growth Fund of America	A	B	18.3
*Growth Industry Shares	C	C	6.8
†GT Global Pacific	B	C	26.4
*Guardian Mutual Fund	B	B	28.0
Guardian Park Ave Fund	B	B	20.7
†John Hancock Growth Trust	A	D	11.3
Hartwell Emerging Growth	A+	F	19.2
Hartwell Growth Fund	A+	D	3.1
Hutton Investment—Growth	C	C	6.5
*IAI Regional Fund	A	B	18.5
*IAI Stock Fund	C	B	8.4
IDS Discovery Fund	C	D	12.9
IDS Equity Plus	B	C	8.4
IDS Growth Fund	A+	D	7.3
IDS Mutual	C	C	12.6
IDS New Dimensions Fund	A	C	8.1
IDS Progressive Fund	C	B	20.5
IDS Stock Fund	D	B	10.4
Income Fund of America	D	A+	14.7
Investment Co of America	B	B	13.2
Investment Trust of Boston	C	D	9.7
Investors Research Fund	A	D	–1.2
IRI Stock Fund	B	C	6.8
ISI Growth Fund	F	B	2.2
ISI Trust Fund	F	A+	12.4
*Ivy Growth Fund	C	A	12.2
*Janus Fund	C	A	16.6
*†Japan Fund	A	B	18.9
JP Growth Fund	D	B	7.3
Kemper Growth Fund	A	D	10.7
†Kemper International Fund	B	C	17.2
Kemper Option Income Fund	F	A	17.2
Kemper Summit Fund	A	D	7.7
Kemper Total Return Fund	A+	F	8.7
Keystone Custodian K-1	C	C	11.5
Keystone Custodian K-2	B	D	10.6
Keystone Custodian S-1	C	D	8.4
Keystone Custodian S-3	B	D	14.1
Keystone Custodian S-4	A	F	11.8%
†Keystone International Fund	C	C	16.7
†Keystone Precious Metals	D	D	–15.4
†Kleinwort Benson—Transatlantic Grow	B	C	20.9
Lehman Capital Fund	A	C	–4.6
*Lehman Corp	C	B	16.1
Lehman Investors Fund	C	B	16.6
*Lehman Opportunity Fund	B	A	23.2
Lepercq-Istel Fund	D	D	7.2
*Leverage Fund of Boston	B	D	9.4
Lexington Corp Leaders Trust Fund[1]	B	B	19.4
*Lexington Goldfund	A	D	–15.0
*Lexington Growth Fund	A	D	10.4
*Lexington Research Fund	C	C	9.4
*Lindner Fund	D	A+	20.4
*Loomis-Sayles Capital Development	A+	B	–0.3
*Loomis-Sayles Mutual Fund	A	D	3.2
Lord Abbett Developing Growth	C	D	3.5
Lutheran Brotherhood Fund	D	A	9.2
*Mairs & Power Growth Fund	C	C	3.2
*Mairs & Power Income Fund	C	A	9.7
*Manhattan Fund	A	C	18.3
*Horace Mann Growth Fund	C	D	8.1
Mass Capital Development Fund	A	C	9.0
Mass Financial Development Fund	A	D	10.3
Mass Financial Emerging Growth Trust	A	D	14.8
Mass Financial Total Return Trust	B	C	15.0
Mass Investors Growth Stock Fund	B	D	4.1
Mass Investors Trust	C	C	10.4
*Mathers Fund	B	B	13.6
Medical Technology Fund	A	D	11.4
Meeschaert Capital Accumulation	D	B	2.1
Merrill Lynch Basic Value Fund	C	A	22.8
Merrill Lynch Capital Fund	C	A	17.0
Merrill Lynch Equi-Bond I Fund	D	B	7.8
†Merrill Lynch Pacific Fund	A	C	32.1
Merrill Lynch Special Value	D	D	17.1
*†Mexico Fund	A+	C	74.8
MidAmerica High Growth Fund	D	B	17.3
MidAmerica Mutual Fund	D	B	8.8
Mutual Benefit Fund	C	A	29.9
Mutual of Omaha Growth Fund	D	C	22.4
Mutual of Omaha Income Fund	F	A	12.0
*Mutual Series Fund—Mutual Shares	D	A+	34.2
*Mutual Series Fund—Qualified	C	A+	30.1

*Fund has no load or shareholder-paid 12b-1 plan. †Foreign funds were rated over down market periods from 10/31/80 to 9/30/82, 4/30/84 to 7/31/84, and 9/30/87 to 10/31/87, and for up market periods from 9/30/82 to 4/30/84, 7/31/84 to 9/30/87, and 10/31/87 to 12/31/88. Foreign market cycles were measured with the dollar-adjusted Morgan Stanley Capital International EAFE (Europe Australia Far East) Index. [1]Formerly Corp Leaders Trust Fund Certificate Series B.

Source: Forbes/CDA Equity Fund Evaluator on diskette.

Fund Ratings

Stock and balanced funds

Fund	Performance in UP markets	Performance in DOWN markets	12-month total return
National Aviation & Technology	C	C	25.0%
National Growth Fund	D	D	7.8
*National Industries Fund	D	C	3.0
National Stock Fund	D	B	21.0
National Total Income Fund	C	A	18.0
National Total Return Fund	B	D	13.5
Nationwide Fund	D	B	16.8
Nationwide Growth Fund	C	A	22.5
Nautilus Fund	F	D	7.5
*Neuwirth Fund	B	D	31.2
New England Equity Income Fund	D	A	10.0
New England Growth Fund	A	B	1.4
New England Retire Equity Fund	B	B	–2.2
†New Perspective Fund	C	B	10.2
New York Venture Fund	A	B	20.9
Newton Growth Fund	B	D	12.8
*Niagara Share Corp	B	D	12.9
*Nicholas Fund	B	A	18.0
*Northeast Investors Growth	A	C	12.8
Nova Fund	C	C	–4.1
Old Dominion Investors' Trust	D	B	14.4
Omega Fund	B	D	14.3
One Hundred Fund	C	D	1.7
One Hundred One Fund	D	C	5.3
Oppenheimer Directors Fund	B	D	20.7
Oppenheimer Equity Income Fund	C	B	14.0
Oppenheimer Fund	B	D	8.3
†Oppenheimer Global Fund	C	C	22.9
Oppenheimer Premium Income	F	A+	4.9
Oppenheimer Special Fund	D	C	18.1
Oppenheimer Target Fund	C	C	32.4
Oppenheimer Time Fund	A	C	13.7
Oppenheimer Total Return Fund	C	C	13.3
Over-the-Counter Securities Fund	C	B-	28.1
*Partners Fund	C	A	15.4
Pax World Fund	C	D	11.7
*Penn Square Mutual Fund	D	B	14.2
Pennsylvania Mutual Fund	C	B	24.5
*Petroleum & Resources Corp	B	D	11.2
Philadelphia Fund	D	C	15.2
Phoenix Balanced Fund	B	C	2.9
Phoenix Convertible Fund	C	B	4.5
Phoenix Growth Fund	B	A	6.9
Phoenix Stock Fund	A	B	4.5
Phoenix Total Return	D	B	3.3
Pilgrim MagnaCap Fund	C	A	16.5%
*Pine Street Fund	D	C	16.2
Pioneer Fund	C	C	18.2
Pioneer II	B	B	21.6
*T Rowe Price Growth Stock Fund	C	D	6.0
*†T Rowe Price International Stock Fund	B	C	17.8
*T Rowe Price New Era Fund	A	D	10.2
*T Rowe Price New Horizons Fund	B	D	14.0
Princor Capital Accumulation Fund	C	A	13.8
Princor Growth Fund	B	D	10.9
Provident Fund for Income	D	B	12.6
Pru-Bache Equity Fund	B	B	14.4
Pru-Bache Growth Opportunity	B	C	25.9
Pru-Bache Utility Fund	D	A	22.7
Putnam Convertible Income—Growth	A	D	12.1
Putnam Energy—Resources Trust	D	F	20.2
Putnam Fund for Growth & Income	C	B	20.6
George Putnam Fund of Boston	B	C	12.1
Putnam Health Sciences Trust	A	D	10.5
†Putnam International Equities Fund	B	C	9.0
Putnam Investors Fund	B	D	7.5
Putnam Option Income Trust	D	B	22.5
Putnam Vista Basic Value	A	B	14.7
Putnam Voyager Fund	A	D	11.6
Quasar Associates	A+	C	29.7
*Quest for Value Fund	C	A+	17.6
Rochester Tax Managed Fund	F	A	22.7
*Safeco Equity Fund	C	C	25.3
*Safeco Growth Fund	C	C	22.1
*Safeco Income Fund	D	A	19.0
*Scudder Development Fund	C	C	11.0
*Scudder Equity—Capital Growth	B	B	33.5
*Scudder Growth & Income Fund	B	C	11.9
*†Scudder International Fund	B	C	18.7
*Second Fiduciary Exchange Fund	B	C	10.4
Security Equity Fund	A	D	19.1
Security Investment Fund	D	C	10.7
Security Ultra Fund	A	D	22.5
Selected American Shares	D	A	22.0
Selected Special Shares	C	D	19.4
Seligman Capital Fund	A	D	2.4
Seligman Common Stock Fund	B	B	10.1
Seligman Growth Fund	B	D	7.3
Seligman Income Fund	D	A	10.6
Sentinel Balanced Fund	C	B	9.9

*Fund has no load or shareholder-paid 12b-1 plan. †Foreign funds were rated over down market periods from 10/31/80 to 9/30/82, 4/30/84 to 7/31/84, and 9/30/87 to 10/31/87, and for up market periods from 9/30/82 to 4/30/84, 7/31/84 to 9/30/87, and 10/31/87 to 12/31/88. Foreign market cycles were measured with the dollar-adjusted Morgan Stanley Capital International EAFE (Europe Australia Far East) Index. *Source: Forbes/CDA Equity Fund Evaluator on diskette*

Fund Ratings

Stock and balanced funds

Fund	Performance in UP markets	Performance in DOWN markets	12-month total return
Sentinel Common Stock Fund	C	A	13.4%
Sentinel Growth Fund	A	D	3.5
Sentry Fund	B	D	16.9
*Sequoia Fund	D	A+	10.9
Shearson Lehman Appreciation Fund	A	B	13.5
Shearson Lehman Fundamental Value	D	B	21.1
Sherman, Dean Fund	D	F	25.7
Sigma Capital Shares	B	B	10.9
Sigma Investment Shares	C	B	11.6
Sigma Special Fund	B	C	11.5
Sigma Trust Shares	C	C	12.4
Sigma Value Shares	B	D	18.8
Sigma Venture Shares	B	D	4.0
Smith Barney Equity Fund	B	C	0.9
Smith Barney—Income & Growth	D	A	17.7
†SoGen International Fund	C	A	14.2
*Source Capital	C	A+	16.7
Sovereign Investors	D	A	11.2
*Spectra Fund	A	D	6.0
State Bond Common Stock Fund	C	D	9.8
State Bond Diversified Fund	D	B	15.2
State Bond Progress Fund	C	D	9.9
*State Street Exchange Fund	B	C	12.2
*State Street Growth Fund	B	C	15.0
State Street Investment Corp	B	C	10.2
Steadman American Industry Fund	F	F	–11.1
Steadman Associated Fund	F	C	1.5
Steadman Investment Fund	F	D	–6.6
Steadman Oceanographic Tech & Grow	F	F	–25.9
*SteinRoe Equity—Capital Opportunities	A+	F	–3.9
*SteinRoe Equity—Special Fund	A	C	20.2
*SteinRoe Equity—Stock Fund	A	D	0.7
*SteinRoe Equity—Total Return Fund	C	D	7.8
*SteinRoe Equity—Universe Fund	B	D	2.3
Strategic Capital Gains	F	D	5.5
Strategic Investments Fund	A+	F	–42.9
*Stratton Growth Fund	D	C	22.6
*Stratton Monthly Dividend Shares	F	A+	9.7
Strong Investment Fund	C	B	9.1
Strong Total Return Fund	A	C	15.5
Surveyor Fund	B	D	28.8
Technology Fund	A	D	2.9
†Templeton Foreign Fund	C	B	22.0
*†Templeton Global[1]	C	B	28.7
†Templeton Growth Fund	C	B	23.6
†Templeton World Fund	C	B	19.7%
*Tri-Continental Corp	B	C	7.2
*Tudor Fund	A	C	15.3
*20th Century Growth Investors	A+	D	2.7
*20th Century Select Investors	A+	D	5.6
*20th Century Ultra Investors	A	D	13.3
*Unified Growth Fund	C	B	19.3
*Unified Income Fund	C	D	14.6
*Unified Mutual Shares	D	B	16.9
United Accumulative Fund	C	B	17.0
United Continental Income Fund	A	D	11.7
United Income Fund	D	A	19.8
†United International Growth	C	A	9.9
United Retirement Shares	C	C	17.7
United Science & Energy Fund	C	C	9.0
*†United Services—Gold Shares Fund	F	D	–35.7
*United Services—Good & Bad Times	D	C	–3.1
US Trend Fund	B	C	12.5
United Vanguard Fund	B	A	13.2
*USAA Mutual—Growth Fund	C	D	6.6
*USAA Mutual—Sunbelt Era Fund	B	D	14.4
*Valley Forge Fund	F	A+	7.0
*Value Line Fund	B	C	9.6
*Value Line Income Fund	D	A	14.0
*Value Line Leveraged Growth Inv	B	B	6.4
*Value Line Special Situations Fund	C	D	3.3
†Van Eck International Investors	D	C	–22.1
*Vance, Sanders Exchange Fund	B	C	12.9
Vance, Sanders Special Fund	D	C	9.5
*Vanguard Explorer Fund	C	C	25.8
*Vanguard High Yield Stock	D	A+	25.9
*Vanguard Index Trust—500 Portfolio	B	C	16.2
*Vanguard WL Morgan Growth Fund	B	C	22.4
*Vanguard Naess & Thomas Spec Fund	D	D	24.6
*†Vanguard Trustees Commingled—Intl	C	A	18.7
*Vanguard Trustees Commingled—US	B	B	24.6
*Vanguard Wellesley Income Fund	D	A+	13.5
*Vanguard Wellington Fund	B	C	16.1
*Vanguard Windsor Fund	C	A+	28.7
Variable Stock Fund	D	B	4.8
Wall Street Fund	C	D	18.6
Washington Mutual Investors	C	A	17.6
Weingarten Equity Fund	A+	D	11.3
*WPG Fund	A	C	9.7

*Fund has no load or shareholder-paid 12b-1 plan. †Foreign funds were rated over down market periods from 10/31/80 to 9/30/82, 4/30/84 to 7/31/84, and 9/30/87 to 10/31/87, and for up market periods from 9/30/82 to 4/30/84, 7/31/84 to 9/30/87, and 10/31/87 to 12/31/88. Foreign market cycles were measured with the dollar-adjusted Morgan Stanley Capital International EAFE (Europe Australia Far East) Index. [1]Formerly Templeton Global I.

Source: Forbes/CDA Equity Fund Evaluator on diskette

Taxable bond and preferred funds

We rate taxable fixed-income funds over three market cycles, covering the period Mar. 31, 1980 to Dec. 31, 1988. A fund must have been in operation for at least two of those cycles—since Sept. 30, 1981—to be rated. Our benchmark is the Merrill Lynch Corporate/Government bond index. More information about the rating system appears in the annual fund survey (*Sept. 5, 1988*).

As with equity funds, the idea is to show separately how well a fund does in bull and in bear markets. And, like equity funds, bond funds do not often shine in both fair weather and foul. The ones that do well in bear markets—that is, when interest rates are rising and bond prices are going down—tend to be the ones with the shortest maturities of bonds in their portfolio. Portfolios of long-term bonds, by contrast, benefit the most from declining interest rates but suffer the most in bear markets. Fidelity High Income is an exception. It landed an A in both bull and bear markets.

The following table contains 157 funds: all those large enough and old enough to qualify for letter grades in the annual fund survey, plus any funds that have at least $400 million in assets and at least 12 months of performance data. Municipal bond funds are listed separately starting on page 162.

Fund	Performance in UP markets	Performance in DOWN markets	12-month total return
*AARP Income—GNMA & US Treas			4.7%
*ACM Government Income Fund			6.9
Alliance Bond—Monthly Income Shares	B	D	8.2
Alliance Bond—US Government			6.5
Alliance Mortgage Securities Income			8.6
AMA Income Fund—Classic Income	D	D	5.9
*American Capital Bond Fund	B	B	11.6
American Capital Corp Bond Fund	C	B	12.7
American Capital Government Secs			6.9
American Capital High Yield Inv	C	B	12.9
American Funds Inc—US Govt Guar			6.9
*AMEV Securities	B	D	9.0
AMEV US Govt Securities Fund	C	B	7.3
Axe-Houghton Income Fund	A	C	8.7
*Babson Bond Trust—Long-Term	D	B	7.4
Bond Fund of America	C	B	10.7
*Bunker Hill Income Securities	B	C	10.3
*Capital Preservation Treasury Note	D	A	5.2
Cigna High Yield Fund	B	A	16.4
Cigna Income Fund	B	C	9.0
*Circle Income Shares	C	B	9.4
*CNA Income Shares	B	A	22.7
Colonial Government Securities Plus			8.5
Colonial High Yield Securities	C	A	12.6
Colonial Income Trust	C	D	12.4
Composite Income Fund	C	D	7.1
Criterion Bond—Investment Quality	A	D	6.4
Criterion Bond—US Govt High Yield			6.2
*Current Income Shares	A	D	9.8
Dean Witter Government Secs Plus			6.1
Dean Witter High Yield Secs	B	C	10.0
Dean Witter US Govt Securities			6.9
Delaware Group Delchester High Yield-I	B	C	14.0
*Drexel Bond-Debenture Trading Fund	F	A+	8.3
*Dreyfus A Bonds Plus	D	B	8.9%
Dreyfus GNMA Fund			5.6
Eaton Vance High Yield	C	A	19.9
*Excelsior Income Shares	B	F	6.5
*Federated GNMA Trust			8.2
Federated High Income Securities	C	C	15.0
*Federated Income Trust			8.3
*Federated Intermediate Government			5.3
*Federated Short-Intermed Govt			5.7
*Fidelity Flexible Bond Fund	C	D	7.8
*Fidelity Ginnie Mae			7.2
*Fidelity Government Securities Fund	D	C	6.4
*Fidelity High Income Fund	A	A	12.5
*Fidelity Intermediate Bond Fund	D	A	7.1
*Fidelity Mortgage Securities			6.7
*First Australia Prime Income Fund		—	27.3
First Investors Bond Appreciation	D	B	8.2
First Investors Fund for Income	D	B	12.9
*Fort Dearborn Income Securities	A+	F	9.5
Franklin AGE High Income Fund	C	B	14.0
Franklin US Government Securities	D	D	7.4
Fund for US Govt Securities	B	D	7.6
*Global Yield Fund			2.6
Government Income Securities		—	6.6
*Hatteras Income Securities	B	C	9.9
John Hancock Bond Trust	B	C	8.9
*John Hancock Investors Trust	C	B	9.4
John Hancock US Govt Securities	D	A	19.9
High Yield Securities	D	A	7.4
Hutton Investment—Bond & Income			7.2
Hutton Investment—Government Secs			7.5
*IAI Bond Fund	D	D	6.4
IDS Bond Fund	B	C	10.1
IDS Extra Income Fund			13.4

*Fund has no load or shareholder-paid 12b-1 plan.

Source: Forbes/CDA Bond Fund Evaluator on diskette

Fund Ratings

Taxable bond and preferred funds

Fund	Performance in UP markets	Performance in DOWN markets	12-month total return
IDS Selective Fund	A	C	9.6%
*INA Investment Securities	B	D	8.8
*Independence Square Income Secs	A	D	11.0
*InterCapital Income Securities	A	C	12.7
Investment Portfolios—Govt Plus			4.5
Investment Portfolios—High Yield			12.4
Kemper High Yield Fund	B	A+	14.3
Kemper Income & Capital Preservation	C	C	10.4
Kemper US Government Securities	C	D	6.3
Keystone Custodian B-1	C	D	6.2
Keystone Custodian B-2	C	C	10.8
Keystone Custodian B-4	D	B	11.7
*Lexington GNMA Income Fund	D	D	6.8
*Lincoln National Direct Placement	D	A+	13.7
Lord Abbett Bond-Debenture Fund	D	A	13.8
Lord Abbett US Government Securities	D	A	7.9
Lutheran Brotherhood Income Fund	A	C	10.7
MacKay-Shields MainStay—Govt Plus			5.6
Mass Financial Bond Fund	B	D	7.5
Mass Financial High Income—Series I	B	B	11.5
*MassMutual Corporate Investors	C	A+	11.6
MassMutual Integrity-Invest Grade	D	C	2.8
Merrill Lynch Corp—High Income	D	A	12.6
Merrill Lynch Corp—High Quality	B	D	8.5
Merrill Lynch Corp—Intermediate	C	C	7.7
Merrill Lynch Federal Securities			7.4
Merrill Lynch Retire/Income Fund			7.1
MetLife-State Street Govt Income			6.5
*MFS Government Markets Income			10.3
MFS Government Securities High Yield			6.3
MFS Lifetime Government Income Plus			5.2
*MFS Multimarket Income Trust			5.0
Midwest Income—Intermediate Govt	D	C	5.0
*Montgomery Street Income Securities	B	D	11.4
*Mutual of Omaha America Fund	F	A	8.2
*Mutual of Omaha Interest Shares	A+	C	12.5
National Bond Fund	C	D	8.4
National Federal Securities Trust			4.5
Nationwide Bond Fund	C	D	8.2
New England Bond Income Fund	D	C	6.8
*Nicholas Income Fund	C	C	11.5
*Northeast Investors Trust	A	C	14.0
Oppenheimer High Yield Fund	D	B	11.9
*Pacific American Income Shares	B	C	8.6
PaineWebber Fixed Inc—GNMA			7.4
PaineWebber Fixed Inc—High Yield			8.5%
PaineWebber Master Global Income			12.1
Phoenix High Yield Fund	C	A	13.6
Pilgrim High Yield Trust	C	B	12.2
Pioneer Bond Fund	D	C	7.7
*T Rowe Price High Yield Fund			17.8
*T Rowe Price New Income Fund	F	A	7.7
Pru-Bache Government Plus			5.6
Pru-Bache Govt Secs—Intermediate			4.8
Pru-Bache High Yield Fund	C	B	13.0
Putnam GNMA Plus Trust			5.7
Putnam High Income Government			5.1
Putnam High Yield Trust	B	B	13.9
Putnam High Yield Trust II			15.0
Putnam Income Fund	B	C	10.3
*Putnam Master Income Trust			11.6
Putnam US Govt Guaranteed Securities			7.5
*Revere Fund	F	B	5.8
*Scudder Income Fund	C	C	9.0
Security Income—Corporate Bond	D	B	6.4
Sentinel Bond Fund	D	B	8.5
Shearson Lehman—High Income Bond			12.4
Shearson Lehman High Yield Fund	A	B	11.2
Shearson Lehman—Long-Term Govt			5.1
Shearson Lehman Managed Govts			6.7
Sigma Income Shares	A	F	6.6
*State Mutual Securities Trust	D	B	9.2
*SteinRoe Income—Managed Bonds	C	D	6.6
Thomson McKinnon Inv—Income			10.1
Thomson McKinnon Inv—US Govt			6.0
*Transamerica Income Shares	A+	C	12.8
*20th Century US Governments			5.6
United Bond Fund	A	D	8.9
United High Income Fund	B	B	11.8
*USLife Income Fund	A	D	13.1
*Value Line US Government Securities	B	C	7.9
Van Kampen Merritt US Government			7.9
*Vanguard Fixed Income—GNMA	B	B	8.8
*Vanguard Fixed Income—High Yield	C	B	13.5
*Vanguard Fixed Income—Invest Grade	C	C	9.7
*Vanguard Fixed Income—Short-Term			6.9
*Vanguard Preferred Stock Fund	A	D	7.9
Venture Income (+) Plus	C	B	7.3
*Vestaur Securities	A	D	9.2

*Fund has no load or shareholder paid 12b-1 plan

Source: Forbes/CDA Bond Fund Evaluator on diskette

Fund Ratings

Municipal bond funds

A tax-exempt fund is rated here if it has over $100 million in assets and four years of performance history. Each month since Dec. 31, 1984 was treated as either a bull or bear month, according to the performance of the Shearson Lehman Hutton municipal bond index. The ratings reflect the fact that short-term funds, which are lower in interest rate risk, do very poorly in bull markets and relatively well in bear ones, while long-term funds do the reverse. Very few funds can excel in both environments.

Raw performances for New York and California funds were adjusted upward to compensate for their yield disadvantage in buying local bonds only.

Fund	Performance in UP markets	Performance in DOWN markets	12-month total return
American Capital Muni Bond Fund	B	D	14.0%
*Benham Calif Tax-Free—Intermediate	D	A	5.9
*Benham Calif Tax-Free—Long-Term	B	D	10.3
Calvert Tax-Free Reserves—Limited	F	A+	6.8
Cigna Municipal Bond Fund	A+	F	12.4
Colonial Tax-Exempt—High Yield Fund	D	A	10.5
Dean Witter Calif Tax-Free Income	A	F	11.2
Dean Witter Tax-Exempt Secs	A	C	13.0
Delaware Group Tax-Free—USA	B	A	14.2
DMC Tax-Free Income Trust—PA	C	A	12.3
Double Exempt Flex Fund	D	A	10.4
*Dreyfus California Tax-Exempt Bond	C	C	9.7
*Dreyfus Intermediate Tax-Exempt Bond	D	A	8.1
*Dreyfus NY Tax-Exempt Bond Fund	B	D	10.2
*Dreyfus Tax-Exempt Bond Fund	C	B	11.5
*Federated Short-Intermediate Muni	F	A+	5.6
Federated Tax-Free Income Fund	C	B	7.9
*Fidelity Calif Tax-Free—High Yield	B	D	11.7
*Fidelity Mass Tax-Free—High Yield	C	B	10.7
*Fidelity NY Tax-Free—High Yield	C	C	11.9
*Fidelity Tax-Free—High Yield	B	C	12.2
*Fidelity Tax-Free—Limited Term Munis	D	A	8.2
*Fidelity Tax-Free—Municipal Bond	A	C	12.3
*Financial Tax-Free Income Shares	A+	F	15.1
First Investors New York Tax-Free	C	B	10.2
First Investors Tax-Exempt Fund	D	A	10.6
Franklin Calif Tax-Free Income	C	A	12.2
Franklin Federal Tax-Free Income	A	C	13.7
Franklin New York Tax-Free Income	A	C	12.3
John Hancock Tax-Exempt Income Trust	A	C	11.4
IDS High Yield Tax-Exempt Fund	B	B	10.0
IDS Tax-Exempt Bond Fund	A	D	8.2
Kemper California Tax-Free Income	B	A	7.5
Kemper Municipal Bond Fund	C	A	8.7
Keystone Tax-Free Fund	C	B	10.9
Limited Term Municipal—National	D	A	8.7
Lord Abbett Tax-Free—National	A	C	12.6
Lord Abbett Tax-Free—New York	A	B	12.1
Lutheran Brotherhood Muni Bond	B	B	10.7
Merrill Lynch Muni—High Yield	B	B	11.8
Merrill Lynch Muni—Insured	C	B	11.0%
Merrill Lynch Muni—Ltd Maturity	F	A+	6.0
MFS Managed High Yield Muni Bond	D	A	9.0
MFS Managed Muni Bond Trust	B	B	11.6
Mutual of Omaha Tax-Free Income	A+	C	12.1
New England Tax-Exempt Income Fund	A	D	11.4
Nuveen Municipal Bond Fund	B	A	9.9
Oppenheimer Tax-Free Bond Fund	B	B	9.5
PaineWebber Tax-Exempt Income	C	B	10.6
*T Rowe Price Tax-Free Income Fund	C	C	7.9
*T Rowe Price T-F Short Intermediate	D	A	5.0
Putnam California Tax-Exempt Income	B	A	12.4
Putnam New York Tax-Exempt Inc	B	C	11.9
Putnam Tax-Exempt Income Fund	A	C	13.1
*Safeco Municipal Bond Fund	A	C	13.9
*Scudder California Tax-Free Fund	A	D	11.9
*Scudder Managed Municipal Bonds	B	C	12.0
*Scudder NY Tax-Free Fund	C	C	10.9
*Scudder Tax-Free Target—1990	D	A	4.9
*Scudder Tax-Free Target—1993	D	A	5.6
Seligman Tax-Exempt—Massachusetts	B	D	11.0
Seligman Tax-Exempt—Michigan	A	D	12.3
Seligman Tax-Exempt—Minnesota	B	D	12.1
Seligman Tax-Exempt—National	A	C	13.8
Seligman Tax-Exempt—Ohio	A	D	12.3
Shearson Lehman California Municipals	B	B	11.7
Shearson Lehman Managed Municipals	B	B	10.4
Shearson Lehman New York Municipals	B	B	11.9
*SteinRoe T-E Income—High Yield	C	A	13.5
*SteinRoe Tax-Exempt Income—Managed	A+	F	10.6
Tax-Exempt Bond Fund of America	B	C	9.2
United Municipal Bond Fund	A+	C	14.9
*USAA Tax-Exempt Fund—High Yield	B	C	12.5
*USAA Tax-Exempt Fund—Intermediate	D	A	8.7
*USAA Tax-Exempt Fund—Short-Term	F	A+	6.1
*Vanguard Muni Bond—High Yield	A	C	13.8
*Vanguard Muni Bond—Insured L-T	A	C	12.8
*Vanguard Muni Bond—Intermediate	C	B	10.0
*Vanguard Muni Bond—Long-Term	A	D	12.2
*Vanguard Muni Bond—Short-Term	F	A+	5.6

*Fund has no load or shareholder-paid 12b-1 plan.

Source: Forbes/CDA Bond Fund Evaluator on diskette

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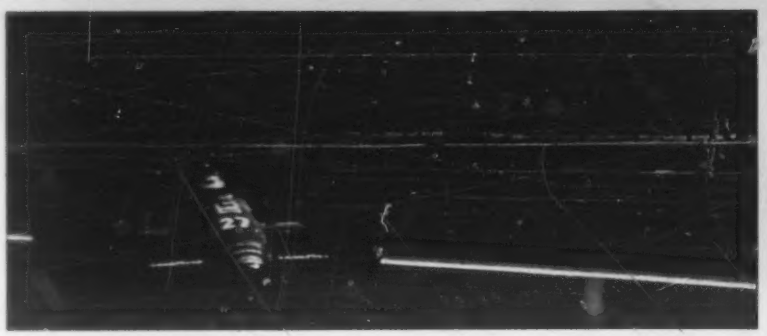

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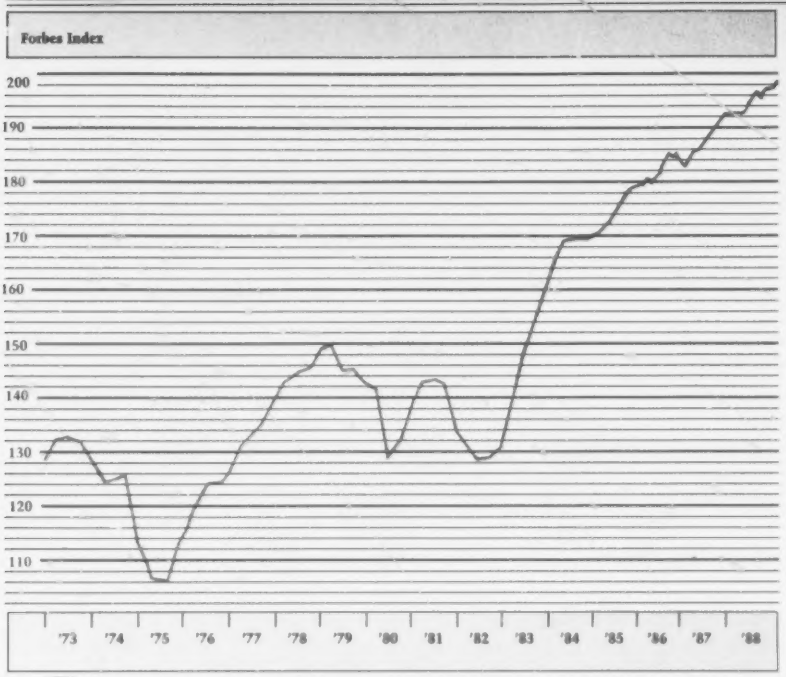
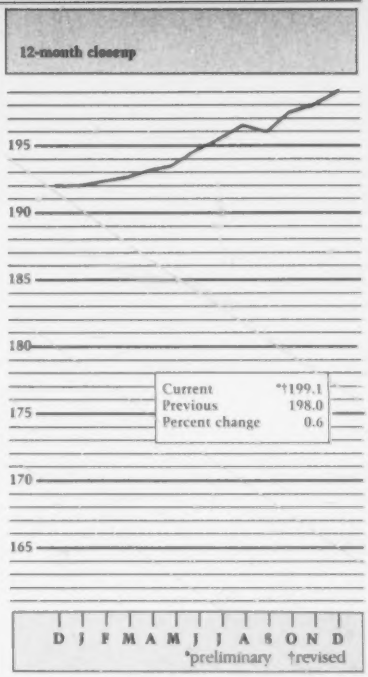
The Forbes Index





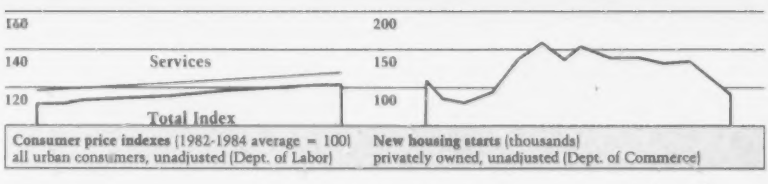
Only a little to complain about. The gross national product grew 3.8% in 1988, the best increase since 1984. Keep in mind that the gain would have been greater were it not for last year's drought. Manufacturers' new orders rose 6.4% in December, to $131 billion, while industrial production eked out a 0.3% gain. The Consumer Price Index (not seasonally adjusted) edged up 0.2% in December. The services component of this index also posted a 0.2% increase in December. In 1988 the overall price level rose 4.4%, the same as it did in all of 1987.

One sector not doing well is home building. Although December new housing starts of 93,700 are 9.7% above the comparable 1987 figure, the trailing 12-month new housing total is off 8.2% from a year ago.

The Forbes Index Components

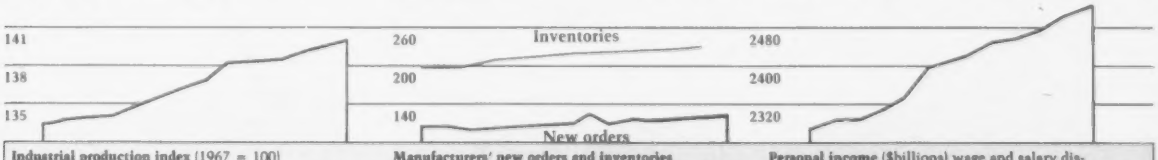
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Consumer price indexes (1982-1984 average = 100) all urban consumers, unadjusted (Dept. of Labor)

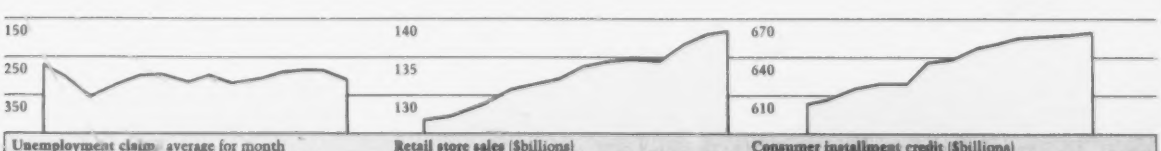
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)

Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)

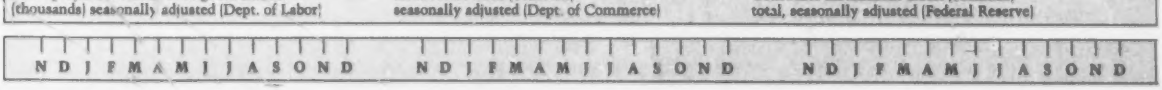
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)

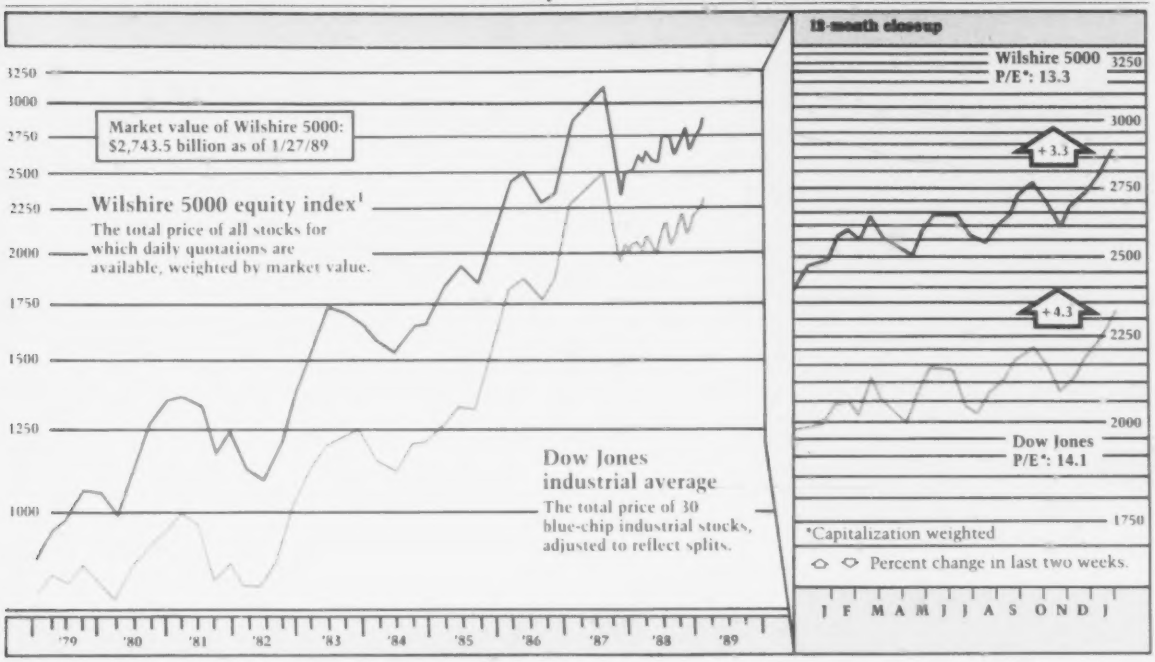
Retail store sales ($billions) seasonally adjusted (Dept. of Commerce)

Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)



The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



The "breadth" factor. Gains posted by big, well-known stocks account for the Dow's steady rise in January and its close above 2300, a postcrash high. But on Friday, Jan. 27, when the Dow advanced 32 points, more than 600 NYSE stocks declined. Thus, while the Dow shot up 7.1% over the last four weeks, the New York Stock Exchange index of 1,800 common shares gained 5.5%. The American Stock Exchange and the over-the-counter market were up 5.1% and 4.3%, respectively.

Market technicians have a phrase for such divergences. "The market lacks breadth," they say, when one market segment moves significantly ahead of another. In the past such a sign has often indicated a near-term market top. Note, too, that in the last two weeks the Dow P/E jumped from 13.5 to 14.1. This means that the Dow's earnings yield (earnings/price) is down to 7.1%. Compare this with the 8.3% yield on a risk-free six-month Treasury bill. That lends some support to the technicians' theory.

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	5.4	5.5	7.1	5.5	5.1	4.3
in last 52 weeks	14.7	13.9	18.6	14.3	19.5	15.5

Stock performance based on six key investor yardsticks[3]

Percent change	Company size		Volatility[4]		P/E multiple		Dividend yield		Growth profile[5]		Share price	
	large	small	high	low	over 21	under 8	over 4.5%	none	high	low	over $34	under $4
in last 4 weeks	5.3	7.3	4.8	2.5	4.0	5.4	3.3	4.4	6.4	4.1	4.3	5.0
in last 52 weeks	17.5	13.7	23.9	7.7	35.1	18.2	3.4	26.1	15.4	14.2	24.4	3.4

[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. [2]Based on sales. [3]Equal weighted indices containing all shares with market capitalizations over $10 million [4]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable. [5]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

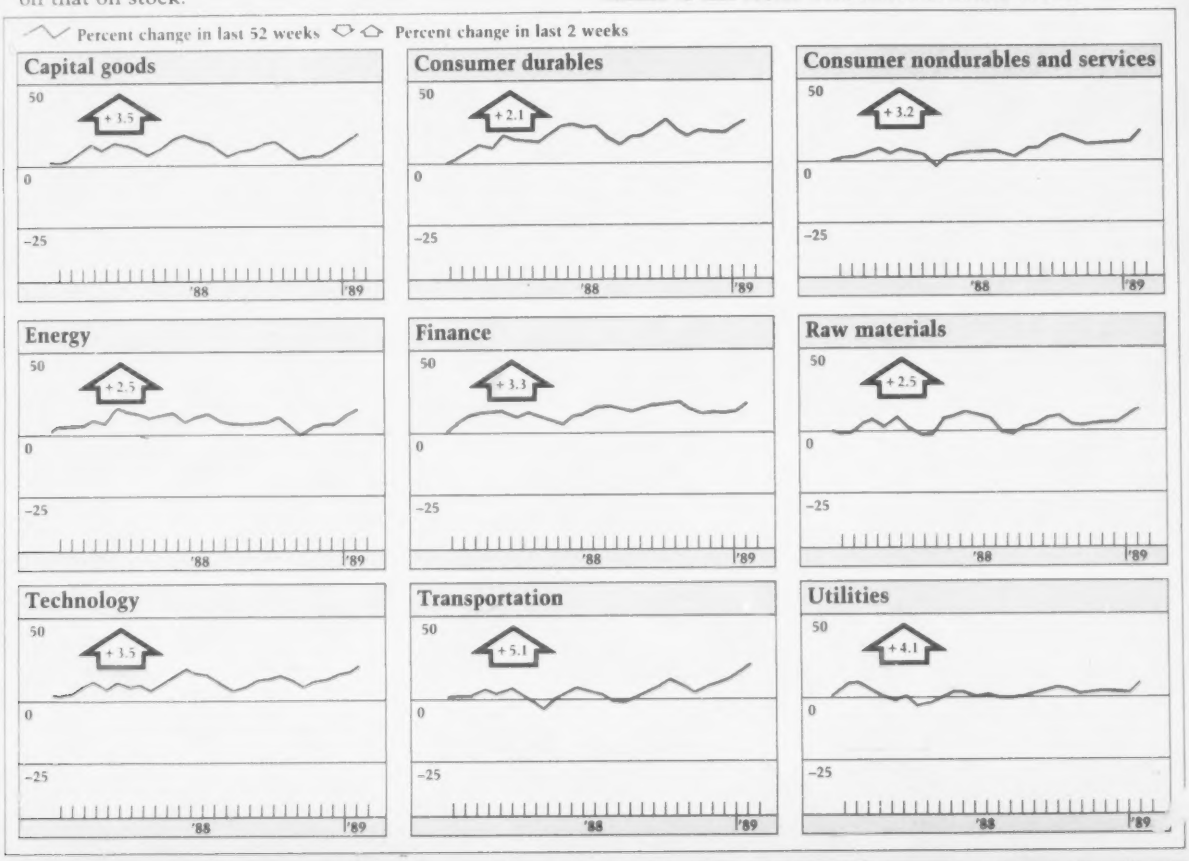
Note: All data for periods ending 1/27/89. Prepared by Wilshire Associates, Santa Monica, Calif.

Steven Ramos

Where the Action Is

Takeover pressure in energy? Texas Eastern, a diversified firm built around a gas pipeline serving the Northeast, shot up 59% in the two weeks to Jan. 27 on Coastal Corp.'s buyout offer of $42. Texas Eastern closed $6 above Coastal's bid. The truce Carl Icahn reached with Texaco on Jan. 28, however, takes some of the takeover pressure off that oil stock.

The leading sector for the fortnight was transportation, which gained 5.1%. Flightsafety International, Consolidated Freightways, Delta and NWA were up more than 9%. The weakest group was consumer durables, which rose only 2.1%. Hillenbrand Industries, a maker of caskets, and Goodyear Tire & Rubber pulled down the performance of this sector with losses in excess of 7%.



What the Analysts Think

Prices rise, estimates fall. While investors were bidding up share prices to postcrash highs, analysts were reducing 1989 earnings estimates for five of the nine Wilshire sectors. Transportation, the best-performing sector over the last two weeks, suffered the largest estimate cut, a 0.9% decline. Consumer durables' estimate rose 1.3%.

Forecasting the Forbes Sales 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.24	12.6
1989 estimates	3.95	10.3
1990 estimates	NA	NA

NA: Not available.

Rank based on change in estimate	Sector	Estimated 1989 EPS	Estimated 1989 P/E	% change in 1989 estimate in 2 weeks	% change in 1989 estimate in 4 weeks
1	Consumer durables	$4.89	11.4	1.31%	2.15%
2	Capital goods	3.06	12.7	0.26	0.99
3	Raw materials	3.50	9.3	0.24	0.57
4	Utilities	3.14	9.9	0.19	0.13
5	Energy	3.05	12.2	–0.03	0.04
6	Consumer nondurables	2.77	13.0	–0.12	–0.22
7	Finance	3.76	7.9	–0.28	–1.06
8	Technology	3.24	11.0	–0.55	–0.72
9	Transportation	2.85	10.3	–0.92	–0.31

Earnings projections are capitalization-weighted consensus estimates from over 3,000 security analysts. Data are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 1/27/89. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.

The Forbes/TUCS Institutional Portfolio Report

Edited by Steve Kichen

DESPITE A FOURTH-QUARTER SLUMP, professional money managers made a nice recovery from the crash and beat the market last year.

Wilshire Associates' Trust Universe Comparison Service monitors $390 billion of pension fund assets, 22% of the estimated $1.8 trillion invested in U.S. pension funds. TUCS reports that for 1988 the institutions racked up a total return of 18.3% on stock portfolios, which surpasses both the 17.9% return on the Wilshire index and the 16.8% return on the S&P 500.

But the pros have been lagging lately. Two of every three money managers monitored by TUCS underperformed the S&P 500 in the fourth quarter. During the quarter the average return on institutional stock portfolios was 2.2%, against 2.3% for the Wilshire index and 3.1% for the S&P 500. Even with that 2.2% total return, however, equities outperformed all other investment vehicles in the last quarter. Fixed-income investments had a 0.9% return, while risk-free cash earned 2.1%.

Government paper and other liquid investments accounted for 10.9% of institutional portfolios at quarter's end. This is the highest level since the September 1985 quarter, when it stood at 11.5%. Institutional money manager James Awad, who manages $500 million for BMI Capital in New York, thinks this will soon change. "Everyone is underweighted in stocks and will scramble back into the market because of their fear of underperforming," he says. If the deficit begins to shrink without new taxes, as President Bush says it can, Awad thinks "the market will surprise a lot of people and go through its old highs."

The best-performing style of equity management for 1988 was "value" management. Such managers focused on larger companies with underlying assets that weren't fully reflected in the stock's price. Returns by style are shown below in the table "How different managers performed." The table at right, "Segment performance and cash flows," shows where professional managers are moving their assets. It indicates that corporations are continuing to pull money out of their pension funds. (More precisely, they put money in for current employees, but not as fast as it is being drawn out by retired employees.) Total institutional holdings declined 3.9% over the course of 1988. The biggest drop was in fixed-income securities, which fell 5.7%. The only segment to post any growth was cash, which rose 6.3% for the year.

How different managers performed

Manager style	Total return[3] recent quarter	12 months	24 months[4]
Diversified	2.4%	17.5%	10.7%
Growth	1.2	11.4	9.2
Growth—emerging	0.9	20.2	10.0
Market timer	1.7	13.5	10.4
Sector rotator	2.4	17.6	10.6
Value	2.5	22.8	10.8

Where the institutions put their money

Segment	—Portfolio weighting— most recent quarter	previous quarter
Equity	60.8%	60.0%
Fixed income	27.7	28.6
Cash and equivalents	10.9	10.8
Convertibles	0.1	0.1
Other[1]	0.5	0.5

Equity portfolio characteristics

	Institutional portfolios	Wilshire 5000
Price/earnings ratio	14.2	11.9
Dividend yield	3.4%	3.3%
Beta[2]	1.05	1.07
Price/sales ratio	1.29	1.34
Price/book ratio	2.86	2.40

Segment performance and cash flows

Segment	—Most recent quarter— median total return	shift in institutional holdings	—Latest 12 months— median total return	shift in institutional holdings
Equity	2.2%	–0.4%	18.3%	–3.5%
Fixed income	0.9	0.2	7.7	–5.7
Cash equiv	2.1	–0.3	7.8	6.3
Convertibles	0.5	–1.7	14.3	–2.6
Other[1]	1.8	0.2	6.0	–0.5
Total	1.6	–0.5	13.2	–3.9

Position changes: These securities had the greatest relative change in holdings over the last quarter

Security	Increase in holdings	Total quarter return	Security	Decrease in holdings	Total quarter return
IBM	5.0%	6.6%	Wal-Mart	–3.0%	–2.6%
Exxon	4.5	–0.4	Apple Computer	–2.7	–6.7
Citicorp	4.1	0.5	Kroger	–2.6	–4.8
American Brands	3.0	25.5	Nynex	–2.2	1.5
Philip Morris	2.2	6.5	BellSouth	–2.0	–2.5
Johnson & Johnson	2.2	–0.3	Bell Atlantic	–1.5	0.2
General Electric	2.1	4.1	US West	–1.5	0.0
Minn Min & Mfg	2.0	–2.8	Rockwell Intl	–1.4	–1.4
Dow Chemical	1.8	1.7	Quaker Oats	–1.3	–1.3
Am Home Prods	1.8	5.4	PPG	–1.3	–5.6

[1]Real estate, foreign investments, venture capital, guaranteed insurance contracts. [2]A measure of risk. A stock with a beta of 1.00 tends to move up or down at the same rate as the S&P 500. [3]Includes all forms of investments. [4]Figures for 24 months are annualized.

Note: Data for quarter ending 12/30/88. Prepared by the Trust Universe Comparison Service (TUCS®), a service of Wilshire Associates, Santa Monica, Calif.

Where the institutions are—and aren't

Most overweighted relative to Wilshire 5000			Most underweighted relative to Wilshire 5000		
	% of			% of	
Security	institutional universe	Wilshire 5000	Security	institutional universe	Wilshire 5000
Philip Morris	1.6%	1.0%	Exxon	1.1%	3.0%
Citicorp	0.8	0.4	IBM	2.9	4.3
American Brands	0.6	0.3	Royal Dutch Petroleum	0.2	1.5
MCI Communications	0.4	0.1	British Petroleum ADS	0.1	1.2
Warner Communications	0.5	0.2	General Electric	1.4	2.3
Computer Associates	0.3	0.0*	AT&T	0.8	1.6
Apple Computer	0.4	0.2	BellSouth	0.4	1.1
Compaq Computer	0.3	0.0*	Glaxo Holdings ADR	0.0*	0.7
Alcoa	0.4	0.2	EI du Pont de Nemours	0.5	1.2
LIN Broadcasting	0.3	0.1	Imperial Chemical ADR	0.1	0.6

*Exact figure is less than 0.05%.

Light blue chips. Even though institutions bought IBM, GE and Exxon last quarter, these stocks remain underweighted in the institutional portfolio. While their combined current market value of $176.6 billion amounts to 9.6% of the Wilshire 5000's value, they account for 5.4% of the portfolios in the TUCS survey. To bring the weight of these stocks in the TUCS portfolio in line with their weighting in the Wilshire index, the institutions would have to buy another $3 billion of these issues. In the fourth quarter the institutions bought diversified tobacco stocks Philip Morris and American Brands, and took profits in RJR Nabisco. Apple and Compaq Computer were also favorites.

Sector activity and top holdings

% of institutional portfolio: ■ most recent quarter ■ previous quarter

Capital goods	5.7% 5.8%	Consumer durables	3.4% 3.9%	Consumer nondurables	31.1% 30.4%
	total return		total return		total return
General Electric	4.1%	General Motors	13.0%	Philip Morris	6.5%
Caterpillar	11.0	Ford Motor	–0.1	Merck	0.7
Emerson Electric	2.2	Chrysler	8.3	Johnson & Johnson	–0.3
Westinghouse Electric	0.7	Goodyear Tire & Rubber	–11.1	Wal-Mart	–2.6
Deere & Co	8.9	Whirlpool	–0.4	Coca-Cola	2.7
Energy	**7.6%** 7.3%	**Finance**	**12.4%** 12.6%	**Raw materials**	**14.8%** 14.9%
	total return		total return		total return
Exxon	–0.4%	American Express	–3.5%	Dow Chemical	1.7%
Amoco	2.9	Citicorp	0.5	Monsanto	6.5
Atlantic Richfield	5.6	American Intl Group	2.6	Waste Management	–0.6
Mobil	8.2	General Re	–0.4	EI du Pont de Nemours	9.2
Chevron	6.4	JP Morgan	–6.2	Alcoa	6.8
Technology	**15.7%** 16.6%	**Transportation**	**3.1%** 3.7%	**Utilities**	**6.2%** 4.8%
	total return		total return		total return
IBM	6.6%	Union Pacific	8.5%	AT&T	11.7%
Digital Equipment	4.8	Burlington Northern	12.1	GTE	3.6
Hewlett-Packard	6.9	Norfolk Southern	8.0	Pacific Telesis	3.3
Boeing	–4.9	AMR	12.9	BellSouth	–2.5
MCI Communications	10.4	Federal Express	4.7	Southwestern Bell	1.6

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CAR PHONES—BETTER RECEPTION COMING?

WOMEN WHO MAKE IT IN BUSINESS

MARCH 6, 1989

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Forbes

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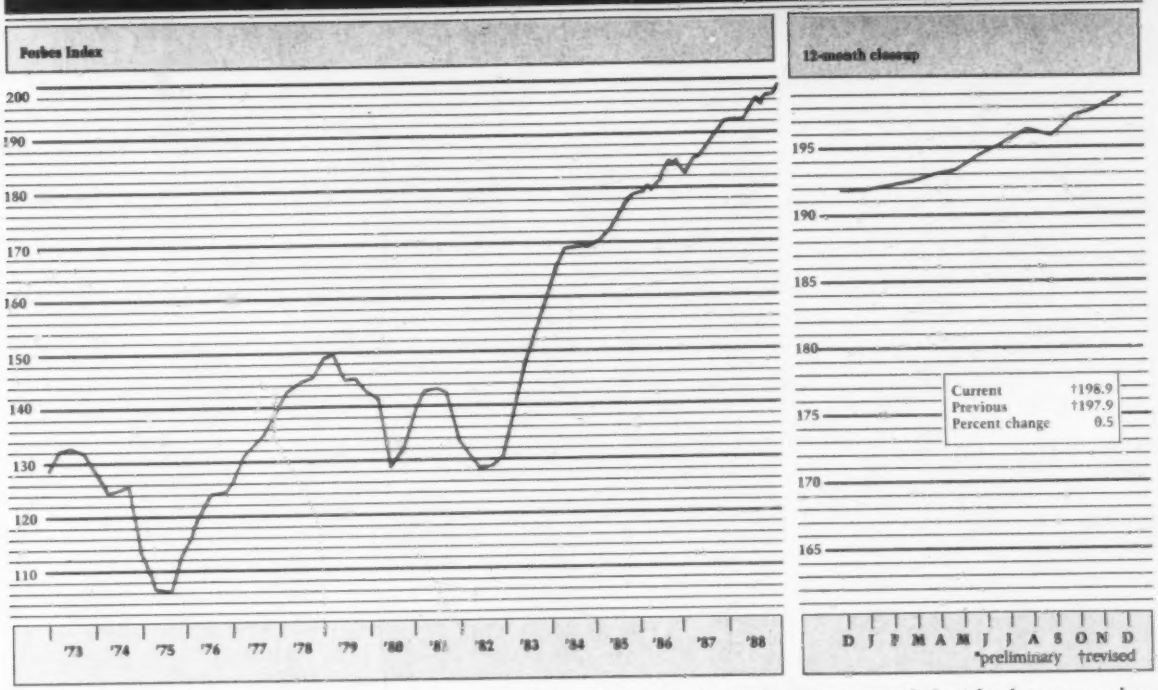
The Forbes Index



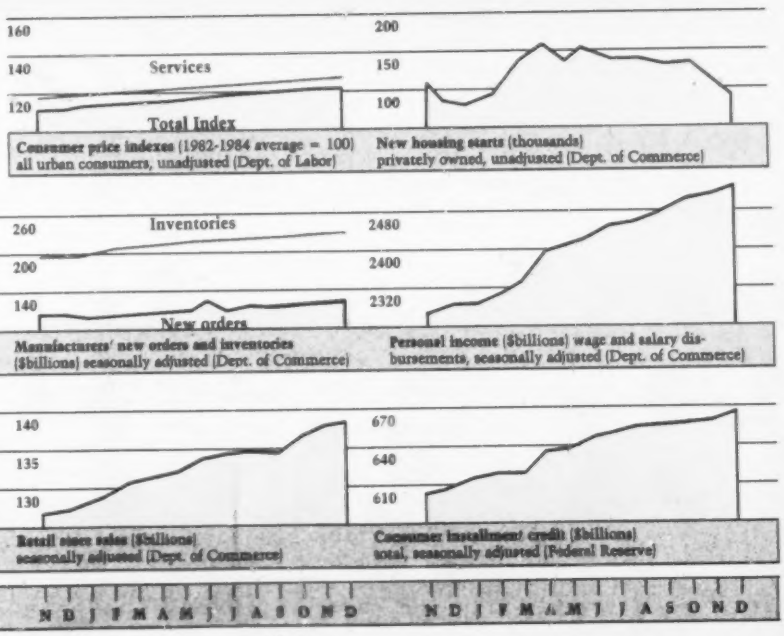
A penny earned but not saved. Growing employment levels helped push up personal income 0.6% in December, to $2.53 trillion. That's 10.9% above the December 1987 total. But a good chunk of this money will go toward paying off bills. Consumer installment credit rose 0.8% in December and 9% for all of 1988. Meanwhile, the producer price index (a measure of wholesale prices) surged 1% in January. This rise in prices, coupled with a low unemployment level (5.4%), may put additional inflationary pressure on the economy.

Manufacturers' inventories rose 0.8% in December, to $234 billion, as factory utilization reached 84.2%, the highest in over nine years. Final tabulations show the Forbes Index rose 0.5% in December and 3.5% in 1988.

The Forbes Index Components

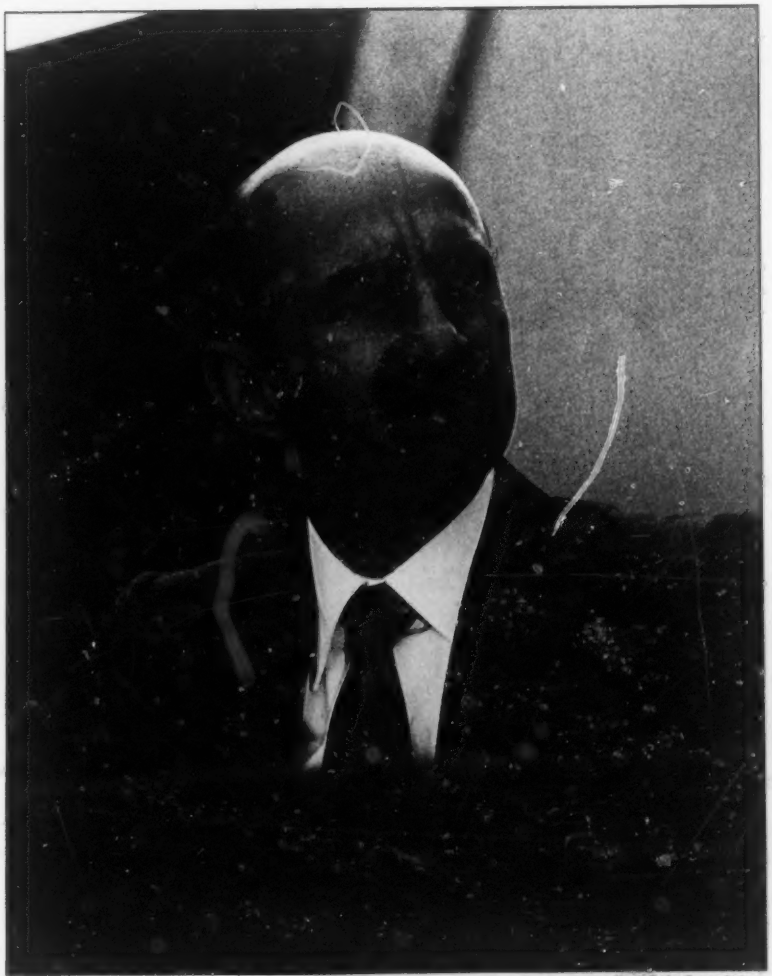
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



It looks like Washington could break the impasse on Latin debt with a generous forgiveness offer to Mexico. It's an idea that makes sense for everyone—Mexico, the U.S. and the banks.

Giving a little to save a lot



Larry Reider/Gamma-Liaison

Mexican President Carlos Salinas de Gortari
Without debt relief, how long can he continue his free-market ways?

By Edwin A. Finn Jr.

SECRETARY OF STATE James Baker wasn't just being diplomatic when he listed Mexico as a top priority in foreign policy. The U.S. Treasury is believed to be working on a plan that could cut Mexico's interest burden and debt principal by as much as 50%. Treasury officials are tight-lipped on the plan, but Mexican Finance Minister Pedro Aspe has quietly slipped into Washington several times since Bush's election in November for talks with top Treasury officials.

What's in the deal for the U.S. banks, few of whom have reserved more than 30% against their Latin American loans? Possibly guarantees. The debt that remains after a writedown could be guaranteed, by either the International Monetary Fund, the World Bank, the Inter-American Development Bank, or a new international debt agency set up with financial backing from Japan, West Germany and the U.S.

A writedown would obviously cause severe earnings pressure for some of America's largest banks. BankAmerica has a 28% reserve against loans to less developed countries. For the bank to write down its Mexican loans by 50% and maintain its reserves against developing countries at 28%, it would have to come up with an additional $545 million *(see table, opposite)*. Citicorp would have to come up with $598 million; Manufacturers Hanover, $529 million; Chemical, $522 million; Chase, $375 million; Bankers Trust, $286 million; J.P. Morgan, $290 million.

First Chicago and Security Pacific, by contrast, would require far smaller reserves. These figures don't allow for a tax benefit, which could cut the additional cash requirement.

How can the banks explain yet another earnings hit to shareholders? That's where the guarantee portion of Treasury's plan would come in. In effect, it would allow the banks to say, This is it, folks—the last time you'll ever hear bad news about Mexico from us.

The Treasury Department is unlikely to force banks to grant the writedowns. Of course, banks that don't accept won't get guarantees.

Any scaling down of the Mexican debts is no act of sentimental generosity. It is based on a realization that the fates of the U.S. and Mexico are inextricably intermingled. A starving and seething Mexico would threaten U.S. security and would send millions of refugees fleeing across our borders.

And in Washington's eyes, if any country has earned the reduction of debt, it's Mexico. The country's newly elected president, Carlos Salinas de Gortari, is committed to free-market policies and to opening the economy—as was his predecessor, Miguel de la Madrid. Even while asking for help from abroad, the Mexicans were doing a lot to help themselves. In an effort to cut inflation-producing subsidies, the Mexican government raised rates for electricity, telephone service and gasoline by as much as 90% last year.

If for Mexico, why not debt relief for other hard-pressed Latin American countries? "In Argentina and Brazil you have demagogues running for office who say they won't repay their foreign debts at all," says Harvard Professor Jeffrey Sachs, a financial adviser to several Latin American governments. "If we don't help responsible guys like President Salinas in Mexico, even our friends won't be able to stay in office."

The message to these other countries is: Do as Mexico has done. Cut government waste, liberalize your economies, join the international trading system, and then we will talk with you about debt relief.

Many Mexicans, angered by austerity, voted against the ruling party in last July's presidential elections. For the first time since coming to power in 1929, the moderate Institutional Revolutionary Party nearly lost the presidency. Salinas barely squeaked in with less than 51% of the vote. If Mexico's economic situation doesn't improve by 1993—or if the world plunges into recession—Mexico may end up with a leftist regime. That could force the U.S. to consider militarizing its southern border. What would be the effect on public opinion if U.S. forces were to turn back hungry Mexicans at bayonet point?

Sound far-fetched? Consider this recent exchange before the U.S. Senate subcommittee on international monetary affairs. Senator Phil Gramm, (R–Tex.) said he wanted the Mexicans to move even faster in enacting free-market policies. "If they did that," he said, "within a month they wouldn't need our [financial] help."

"No, but they might need our army," responded Professor Sachs.

"I'm afraid they might," said Gramm, conceding the volatility of Mexico's situation.

A delicate part of any debt-relief package would be how far Mexico would go in privatizing state-owned industries, allowing the free inflow of foreign investment and opening up to more international trade. In all this

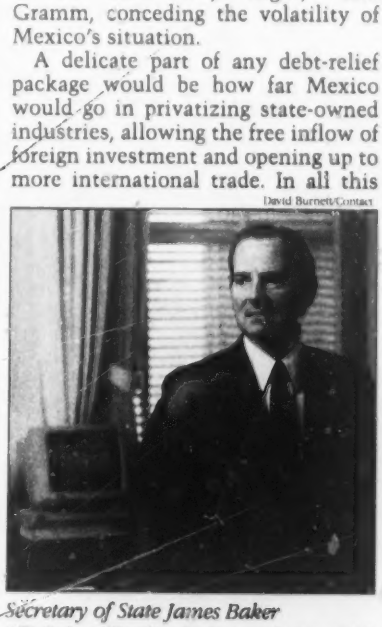
More pain?

At all but First Interstate, a 50% Mexican writeoff could cut profits.

Ten U.S. banks with largest loans to Mexico	Loans ($bil)*	Loan-loss reserves†
BankAmerica	$2.48	28%
Citicorp	2.30	24
Manufacturers Hanover	1.83	21
Chemical	1.80	21
Chase	1.50	25
Bankers Trust	1.30	28
JP Morgan	1.00	21
First Chicago	0.70	43
First Interstate	0.48	52
Security Pacific	0.35	42

*As of Sept. 30, 1988. †As a percentage of troubled loans to the Third World, as of Dec. 31, 1988.
Source: Prudential-Bache Securities.

David Burnett/Contact



Secretary of State James Baker
"Helping Mexico is in our interest."

Salinas face opposition, not from the left, but from traditio anti-American intellectuals. He i entirely a free agent—no more th a president of the U.S.

Major progress was made last as Salinas stepped into the presi cy. Mexico agreed to open its ma to more U.S. steel, beer and tex Mexico also lowered its maxir tariffs from 45% to 20%. This the U.S. and Mexico will launch to encourage foreig investme Mexico and to preve t Mexicans ripping off U.S. patents.

Under earlier regimes, Mexico tended it must make its own p ucts—everything from refrigerato batteries. But in fact such nationa has done little besides preserve a nopoly for a handful of rich Mex factory owners. As for the great of Mexico's people, this misgu nationalism has translated into prices for shoddy Mexican-m goods. But now, with tariffs lo Mexican manufacturers are h forced to keep prices down and grade the quality of their produc compete with imports from the and elsewhere.

The U.S. has more to gain throu debt-relief package than pacifyi potentially unstable neighbor the next 20 years, the U.S. could severe labor shortage. Mexico, by trast, has at least 5 million un ployed workers and will add as m as a million job seekers in each o next five years. That's 10 mil workers willing to work for $1 hour, available to add value to produced goods and services an help keep U.S. products world-c petitive. It is not important whe the Mexicans work in the U.S. U.S.-owned factories in Mexico. important thing is that a better be found to marry U.S. investm with Mexican labor.

President Carlos Salinas is a gressive thinker. Sensing which the world is going, he sends his dren to Japanese schools in Me City. If he won't always move as as Americans would like him move, we must remember that stands for policies that are benef both to his country and to ours. interest payments reduced from billion a year to $4.5 billion, exp figure that Mexico would be abl resume growth and attract back s of the capital that has fled for safety of Yankee banks.

And, besides, replacing $1 wort doubtful loans with 50 cents wort solidly guaranteed paper isn't su bad deal for the banks. ■

The Bass family has already made well over $1 billion on its investment in Walt Disney Co. Is Sid Bass ready to take profits? Not on your life. Here's why.

Creativity, with discipline

By Howard Rudnitsky

FORT WORTH BILLIONAIRE Sid Bass isn't given to discussing his investments. But last year Bass did tip his hand about his family's 18.7% stake in Walt Disney Co. Bass told Disney's chairman, Michael Eisner, that the family would keep its Disney stock until the end of this century. The implication is clear: Bass is not ready to cash in his $1.8 billion investment in Disney stock—an investment that cost around $400 million five years ago. Obviously, Sid Bass thinks Disney stock still has a long way to go up in the 1990s, even though the shares are already selling for a rather rich 19 times latest 12 months earnings.

At $10 billion, Disney's market value is already by far the largest of all the entertainment companies'—half again as large as that of second-place Warner Communications and three times as valuable as once-mighty MCA's *(see table, p. 42)*. What, then, do the Basses see on Disney's horizon that makes them want to retain their position?

They are betting that Disney's highly effective management team will continue to expand revenues from Disney's unique consumer franchise base by at least 20% a year over the next five to ten years. More, they are betting the franchise itself will grow more valuable as time passes.

In 1988 Disney's cash flow from operations—mainly from the amusement parks, resorts and filmed entertainment—exceeded $1 billion. This year, aided by major new amusement park attractions like the MGM Studio Theme Park and 12 major new movies, Disney's cash flow should be $1.3 billion (around $9.75 a share), a 21% gain over 1988. Even at today's lofty prices, Disney shares still sell for around eight times operating cash flow, its average of the last five years.

Disney's management is using this cash flow to expand the earnings base. Between 1987 and this summer Disney is spending well over $1 billion on park attractions in California and Florida. In addition Disney recently acquired a Los Angeles independent TV station (KHJ) for $320 million, and spent $160 million to buy Wrather Corp., owner of Anaheim's Disneyland Hotel. It also has opened 13 new retail stores selling such high-margin Disney products as clothing and toys, and intends to open 77 more by 1992.

That's not all. Between 1988 and 1992 the company will develope 10,000 hotel rooms, at a cost of around $1 billion. In Europe, Disney is developing, jointly with Rupert Murdoch, the Disney Channel and Sky Movies, a satellite broadcast system that will beam programming into 1 million homes in England and Ireland.

As the recent decision to boost the dividend by 20% (to 48 cents a share) suggests, Disney will have no trouble at all financing this expansion. Despite all the spending, Disney's debt load has fallen from nearly $590 million in 1987 to about $435 million—a very low 16% of total capital. Disney's cash hoard is currently nearing $1 billion, though because of heavy spending it will decline somewhat in the coming year before beginning to climb again next year.

Disney today is run by a gang of three: its boyish-looking chief executive officer, Michael Eisner, 46; President Frank Wells, a 56-year-old lawyer; and Chief Financial Officer Gary Wilson, 48.

Designers planning Disney's $2.1 billion Euro-Disneyland park
For a mere $200 million, Disney gets 49% of the equity.

The magic is back in the kingdom

A stock market laggard before the Bass family brought in new management in 1984, Disney has since become the market value leader among the four big entertainment companies.

Company	1988 revenues	Recent market capitalization ($mil)	Long-term debt[3]	EPS	Cash flow per share	Recent price	Price range 1987–89	Recent P/E	Recent price/ cash flow
Walt Disney	$3,438[1]	$10,082	$436	$3.80	$7.83	73⅜	82½–41¼	19	9
Gulf & Western	5,108[2]	5,004	1,390	3.21	2.38	41⅞	46⅜–29⅞	13	18
MCA	3,024	3,550	1,213	2.26	2.74E	48⅝	64½–30	22	18
Warner Communications	4,206	6,312	581	2.65	3.68E	39½	39½–17½	15	11

[1]Fiscal year ending 9/30/88. [2]Fiscal year ending 10/31/88. [3]As of 9/30/88, except Gulf & Western, which is as of 10/31/88. E: estimate.

If Wilson is the least known of the three, he is by no means the least important. As Eisner told Disney shareholders two years ago: "I have always believed that the creative process must be contained in what we call the 'financial box,' financial parameters that creative people can work in—but the box is tight, controlled and responsible. Gary Wilson has the key to the 'box.' "

Wilson was wooed away in 1985 from Marriott Corp. With him came two other Marriott executives, Neil McCarthy and Lawrence Murphy, both of whom now hold key strategy and planning positions at Disney.

To Wilson falls the job of financing Disney's ambitious commitments. Last year he shrewdly squeezed more money from Oriental Land Co., the Japanese company that owns the wildly successful Tokyo Disneyland (over 60 million visitors since it opened in 1983). Disney's former management failed to obtain an equity participation in the park, or even royalties on the use of Disney characters, settling for royalties ranging from 5% to 10% of park revenues.

Last April Wilson worked out a deal that will reduce Oriental Land's royalty payments but will yield $723 million in immediate cash from Oriental. This will also lessen the impact of currency swings on Disney's cash flow and earnings.

During his 11 years at Marriott, Wilson learned the value of taking in partners and asking them to put up much of the money to develop assets and future cash flows. Wilson is using the same technique at Disney.

Silver Screen Partners (FORBES, *Mar. 21, 1988*) is an example. These independently sponsored film production limited partnerships finance Disney movies on terms favorable to Disney. Silver Screen has provided about $1 billion in relatively cheap money for Disney's filmmaking.

In Disney's real estate development deals, Wilson's partnership techniques have been effective in permitting Disney to enter huge projects without burdening its balance sheet with debt. Take, for example, the two new hotels (the 758-room Swan and the 1,511-room Dolphin) and the convention center in Orlando. Wilson has lined up Tishman Realty & Construction Co., Metropolitan Life Insurance Co. and a large Japanese company, Aoki Corp., for the financing of the $375 million outlay. The properties will be run by Westin Hotels and Sheraton. For putting up its name and the raw land, Disney will receive royalties and fees on hotel and convention center revenues, which could amount to $10 million a year.

The largest project in Disney's future is, of course, its $2.1 billion Euro-Disneyland theme park. Here, too, Wilson is getting other people to put up the development money. Disney is providing only $200 million for 49% of the equity capital in the company that will operate the park, and 17.5% of a French private partnership that will own the land under the park.

The French government fought hard against Spain to win Euro-Disneyland and will lend the project about $800 million for 20 years at a fixed 7.85%. The French government is also selling the project about 4,800 acres only 20 miles outside of Paris at early 1970s agricultural values—meaning not only that the land is cheap, but that property taxes will start from a very low base. The government has even agreed to apply low value-added tax rates to the park's revenues.

Flowing from Euro-Disneyland to Disney directly will be management fees equal to 3% of revenues, plus royalties ranging from 5% to 10% of revenues, depending on the type of good or service. On overall park revenues estimated at up to $1 billion, fees and royalties could be $100 million in the first full year of operation.

While the Basses and other investors await the Euro-Disneyland payoff, Disney's Florida and California amusement theme parks are already cash machines that generated some $700 million (around $5.25 a share) in pretax cash flow last year. Park attendance was sluggish last summer, but this May a major new gated attraction will open in Orlando: the MGM-Disney Studio Theme Park, which cost $500 million. Later in the year, Typhoon Lagoon and Pleasure Island will open in Orlando, to be followed in 1990 and 1991 by several other new attractions in Florida and California.

If there is a cloud over this sunny company, it is the fear—indeed, the likelihood—that Disney's hand in film production will go from very hot to cold: Consistency in producing highly profitable films is something no one has recently achieved. Disney has held an especially hot hand the past few years. But even if the new movies falter, the old ones will still bring in huge amounts of revenue.

Eisner recently told analysts and money managers that Disney's foreign distribution, TV production and syndication, Disney Channel and home video businesses are all generating growing amounts of cash. Last year Disney's home video led the industry, with $300 million in revenues.

The Bass family bought into Disney in 1984 and shortly thereafter brought in Michael Eisner from Paramount Pictures Corp. to serve as chief executive. Shrewdly recognizing the company's hidden values, raider Saul Steinberg, with backing from Drexel Burnham, had been moving in. Steinberg took a modest amount of greenmail profits, $32 million, to go away, and the Basses rode up as white knight. In this case, the white knight decided to stay and become part of the family. For what could the Basses buy with the proceeds of their Disney stock that would be as promising an asset as the stock itself? ■

Increasingly, the U.S. not merely tolerates gambling but actively markets it. Marketing has helped make state lotteries into a $15 billion business. Have the states just scratched the surface?

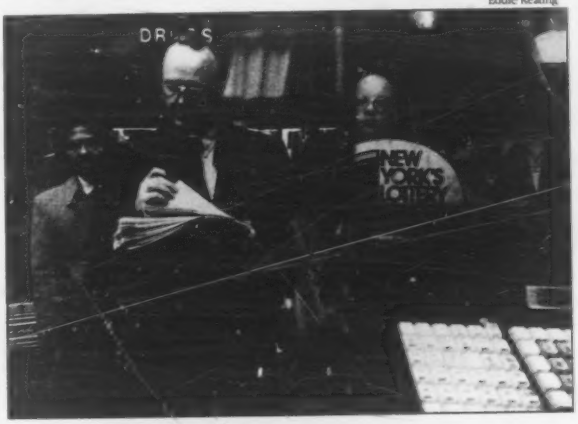
Lottomania

By James Cook

WOULD YOU PAY $1 for a shot at winning $45 million? Eighty percent of New York State's 12 million adults would and did last December when Lottomania hit the state like a fever. At one point, New York was selling 28,000 tickets a minute at some 5,600 terminals around the state. By the time the drawing finally took place on a Saturday night 37.4 million tickets had been sold in only three days.

The prize was that big because in Lotto the jackpots roll over every time nobody wins. The jackpot had started out four weeks before at $3 million and, when nobody won, moved up in stages to $17.5 million, to $26 million, and finally, under the pressure of booming sales, to $45 million. That prize, the largest in New York's history, was split 12 ways, after which the rest of New York shrugged and went about its business.

Eddie Keating



Lining up for New York's Lotto
In December, 80% of the state took a chance.

A pot that large is still an exceptional event, but mass participation in the lotteries is not. Lottomania has been gathering momentum throughout the country for nearly a decade. It's already the second-largest form of gambling in the U.S. and is rapidly overtaking the casino take in Las Vegas and Atlantic City. For the fiscal year ended June 1988, the U.S.' 29 functioning lotteries piled up $15.6 billion in sales, about as much as the U.S. primary aluminum industry did, and brought a dazzling 37% of that $15 billion down to net income, earning close to $6 billion for state governments, with no apparent pain to their taxpayers. This year the figures should be considerably higher, since state lotteries have been growing an average of 17.5% annually—roughly as fast as the computer industry.

No fewer than 28 states, the District of Columbia and two U.S. territories were in the business last year, up from 13 only a decade ago. Two of them—Virginia and Wisconsin—are just getting their lotteries under way, while the voters of four additional states—Indiana, Kentucky, Minnesota and Idaho—approved lotteries in last fall's election. That puts over 68% of the U.S. population on the bandwagon. Of the 18 states that remain, only Texas has a substantial population, and most of the rest are in the South.

"These are the old Bible Belt states," says Saul Leonard of the accounting firm of Laventhol & Horwath in Los Angeles. "You probably won't see lotteries in most of the others, at least not in the next several years—unless they find themselves desperate for funds." They may well find themselves desperate. Florida, Kentucky and Virginia have already broken ranks in the South.

In New York, the lottery's able acting director, Russell V. Gladieux, hopes to boost the lottery's sales and earnings between 50% and 75% within three years, a goal that implies at least $1 billion in profit by 1991 on a $2.3 billion sales base. If he achieves his goal, he will be something of a hero in a state that currently faces a $2.6 billion budget deficit.

There's surely room to grow. New Yorkers spend far less on the lottery per capita ($91.17 last year) than residents of neighboring Pennsylvania ($121.48), New Jersey ($152.07), Connecticut ($158.53) and Massachusetts ($234.92), the industry leader.

The days grow hot, O Babylon!

For many Americans the success of the lotteries seems yet another symptom of the long-term decay of the nation's cultural values, a softening of its moral fiber, a preference for speculation rather than for hard work. Gambling is not only accepted by the states but actually encouraged by them. But the truth is that lotteries are as American as Mom, apple pie and the American Revolution. Lotteries financed the founding of Jamestown, the Continental Army, Dartmouth, Harvard and Princeton, and public works from roads to canals. Ever since the founding of the republic, politicians have loved lotteries as a painless alternative to taxation. Or they did until a series of scandals in

the mid-1800s closed them down for a century *(see box, p. 95)*.

The modern lottery got going in the mid-Sixties when first New Hampshire and then New York voted to go into the business. The public yawned. You bought a ticket, waited weeks or months for the winning number to be drawn, and probably ran out of patience. Much as Americans liked to gamble, they did not like to wait for the results. They wanted instant gratification.

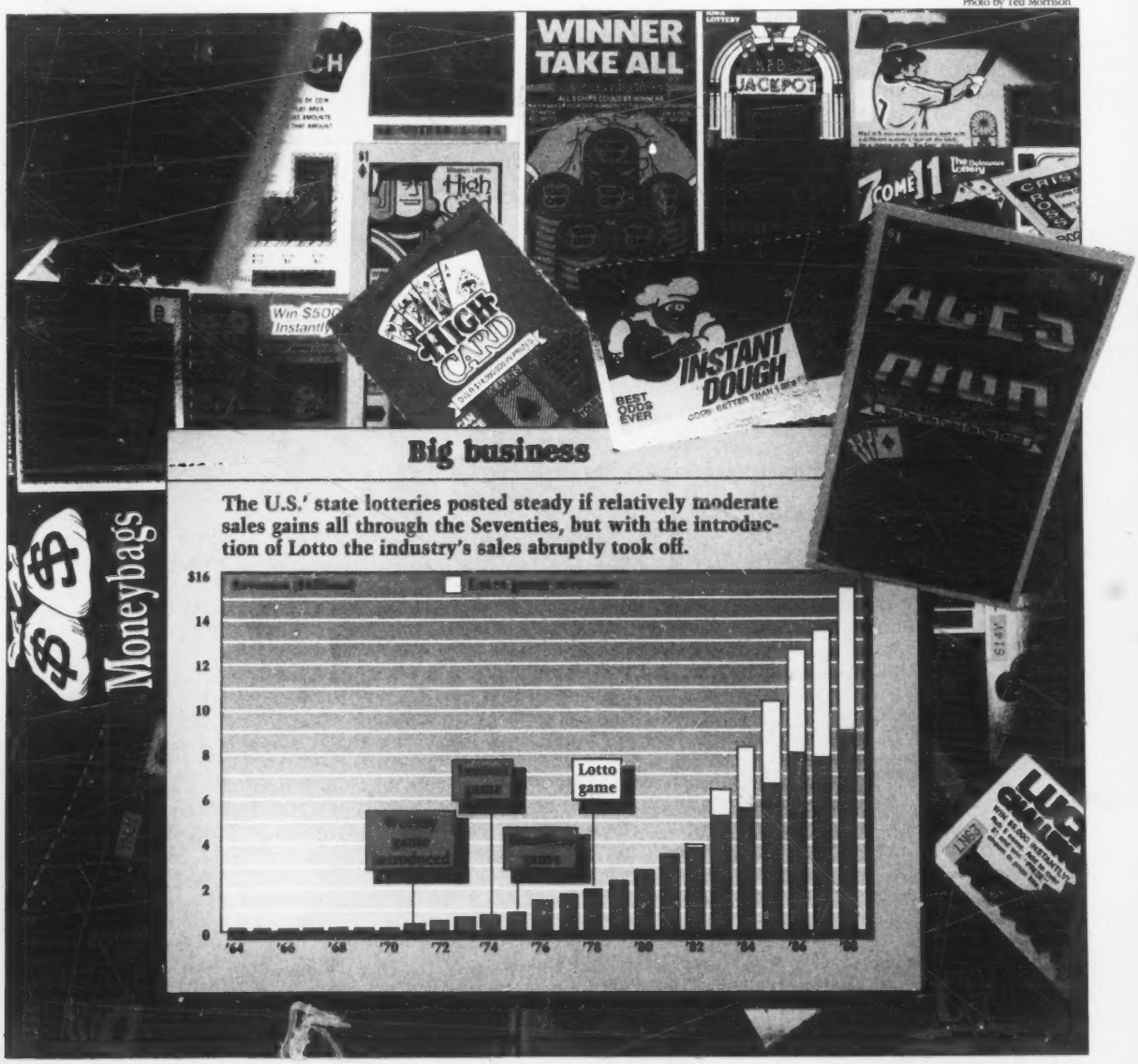
That's when modern marketing hit the lottery business. New Jersey came up first with a weekly and then a daily drawing, and a year or two later Massachusetts quickened the pace with an instant game—scratch-off tickets on which the win or loss could be determined immediately.

But what really transformed the business was the computer, which permitted high-volume, high-frequency player-active games, games in which players could pick the numbers themselves. And then in 1978 New York introduced Lotto, with its multimillion-dollar jackpots, and the game soon became a really big business. Manufacturers of instant games and computerized lottery systems got behind the politicians, and in many states—California and Oregon, for instance—they even wrote the initiatives presented to the voters.

It wasn't a hard sell. Let one state go into the business, and the state next door would follow suit sooner than lose revenues across the border. Most states committed the proceeds to specific beneficiaries and picked up some powerful support. The funds went to education, to taking care of the poor or the elderly, to assisting local communities and the arts, to funding economic development, to building parks and recreational facilities, and to almost any other worthy cause you can think of. Why not harness frivolous instincts to serve worthy causes?

Beyond the state governments and the lottery promoters, small business was another winner. The agents that sell the tickets, tens of thousands of them—some 11,000 in New York, 14,000 in Florida, over 20,000 in California—are card shops and gas stations, supermarkets and funeral parlors. As Saul Leonard calculates it, commissions average around 5.5 cents on the dollar, so last year the agents took in roughly $860 million

Photo by Ted Morrison



nationwide. That 5.5% average covers a lot of variation, depending on how much incentive the retailer needs to take on the lottery—as little as 4.1% and 5% in Massachusetts and Oregon, as much as 11.5% and 12.1% in Rhode Island and Iowa. For most of these merchants, the lottery commissions are found money and traffic-builders.

Some merchants say they carry lottery tickets only for competitive reasons: If the competition has a lottery agency, you'd better get one yourself. But where the population density is low, as it is in West Virginia, say, or South Dakota, the lottery may serve mainly to build foot traffic, and more foot traffic generally means more business, unless, as is currently happening in Florida, it creates so much lottery foot traffic the agent has trouble conducting his regular business. Winn-Dixie's 470 Florida supermarkets got out after eight months because it was costing them twice as much to service the lottery as they were getting in commissions.

After the states themselves, the most visible winners in the business, of course, are the people who supply the hardware and software to run the lotteries. That includes Bally Manufacturing's Scientific Games, British American Banknote and Webcraft, among the instant-game suppliers; Control Data's Ticketron, Gtech, General Instruments' Amtote and Syntech among the on-line terminal suppliers. Not to mention the telephone companies that provide the dedicated phone services, the courier services that deliver the instant tickets, the financial institutions that supply the prize-money annuities and the inevitable advertising and public relations firms.

For all their growth, the lotteries have not yet realized anything like their potential as money raisers. As against some $200 billion estimated to be wagered in the U.S. every year, the lotteries get only $15.6 billion. But their competition is severely limited. They do not really compete with Las Vegas and Atlantic City or with sports betting. They compete for the consumer dollar in the same sense that all leisure-time ventures do. And within their narrow range, they have something akin to a monopoly and, in fact, do not hesitate to rack up what in any other business would be called monopoly profits. On average, the lotteries pay out less than 50% of the take in prizes, versus 60% for the illegal numbers games, 80% for pari-mutuel horse racing and as much as 95% for roulette and slot machines.

In most states, the legislature specifies how some or all of the lottery funds can be spent—how much for prizes or operating expenses, or how much returned to the state—and those percentages can hobble the effective operation of the lottery.

Until the legislature finally changed the rules last fall, the Missouri lottery operated under more severe restrictions than most. It could not spend more than 10% of sales on operating expenses, had to pay out 45% in prizes and return 45% to the state, and was hampered from advertising its products. Not surprisingly, the lottery was unable to generate anything like the sales volume its promoters projected for it.

Ed Kashi

California's lottery director Chon Gutierrez
Numbers were cold, distant and impersonal.

In competing for a share of the consumer dollar, the state lotteries must use every marketing tool available. Lottery players are so unpredictable that lottery sales often fluctuate wildly. Oregon expected to net $30 million last year, but wound up with $52 million. California, on the other hand, went from $1.8 billion in 1986 to $1.4 billion in 1987 and back to $2.1 billion in 1988. Both Colorado and West Virginia last year suffered more than a 17% decline in sales.

Basically the lotteries have three products to sell: instant (scratch-off) games; numbers (pick 3 or 4); and Lotto (pick 6 for a jackpot that rolls over every time it isn't won).

That's the business. But the lottery directors can change the structure of the games—how often they are played, how many prizes are awarded and how big they are, how heavy the odds are. And they can change the name, change the theme, try to make the old appear ever new. As California's acting director Chon Gutierrez puts it: Churn out Classic Coke, New Coke, Diet Coke, caffeine-free Coke, caffeine-free and sugar-free Coke.

What works in one state doesn't always work in another. In the East, you sell through the newsstands, tobacco shops, card shops and convenience stores. In the West, through supermarkets and superstores. Instant games are a winner in New England but also-rans in places like New York and Maryland. Numbers have never caught on in the West, but on the East Coast, where people have played the illegal game for generations, they're a big and consistent winner.

California and New York hyped their Lotto sales by going from once-a-week to twice-a-week drawings, Illinois by going from twice weekly to once weekly. Massachusetts prospered by adding a second super lotto, Mass Millions, to its Megabucks game. New York cashed in by collapsing three games into two.

The trick may be simply to change. Offer something that looks new. Says Oregon's director James Davey: "We have gambling themes, we do Olympics. At Christmas we do Holiday Cash. With Lucky Stars we play on people's astrological signs. We find that if you run two or three, four or five games at the same time, you'll sell more tickets. People say, 'I'm not lucky at Lucky Stars, but I'm sure good at basketball.' "

In California, the lottery discovered some players preferred letters to numbers, so the lottery may introduce a new game, Winitials, based on letters of the alphabet. "People said that numbers were cold and distant and didn't have any personal meaning," says Gutierrez.

In New Jersey they are ordering their instant tickets with three different background colors. "People say, 'That's different,' " says the lottery's director, Barbara Marrow. " 'That must be new.' "

Some of the marketing gets pretty imaginative. In Oregon they link an instant game to a weekly television show, *The Money Game*, with a grand prize of $50,000. California has its Dreaming Campaign—you dream about what you'd do if you won. New

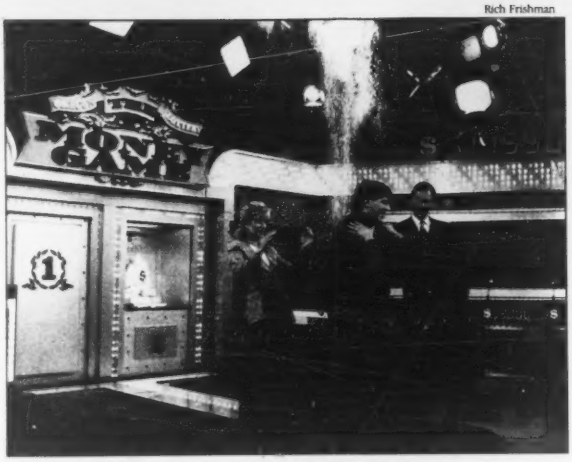
York has adopted the same theme and the slogan "All you need is a dollar and a dream."

But dreams are what the lotteries peddle. When Augustin Jombo won a $26 million New York Lotto jackpot in January, the *New York Times* headlined the story: "Lotto winner's 'American Dream' comes true."

But the ultimate marketing weapon is the size of the pot. As Massachusetts' lottery director James Hosker sees it, there are still some basics to the business—like giving your customers value for their money. "The odds don't matter," Hosker says, "but people want to see winners. We set up the prize structure so we have a lot of winners in the store. It's not a mathematical formula, it's a human relations formula."

The Hosker strategy works—instant tickets went from 50 million in 1982 to a probable 600 million this year. Massachusetts' is generally recognized as one of the best-run lotteries in the country, and it boasts the highest per capita sales in the business. One reason is that Massachusetts has been paying out more and more of the lottery's sales in prizes, as much as 60%, versus 45% only five years ago. "Why not give the customer 60% of his money back?" Hosker says. "If people like your game, they'll play it, and you get more for yourself in the long run."

Rich Frishman



The Oregon Lottery's Saturday night Money Game
Forget the odds. Winners are what matter.

Lotto carries the contradictions of the lottery to their ultimate extreme. The jackpots are huge, so huge that the less likely a player is to win, the more likely he is to play. The rewards so far exceed any conceivable cost that people who normally don't play the lottery plunk down their dollars.

But those prizes don't simply happen. They're made to happen. In the beginning at least, 20% to 25% of the possible number combinations aren't picked, so the jackpots keep rolling over, and to ensure that they do, the states have increased the odds against winning. Instead of picking 6 out of 48 numbers, New Yorkers now pick 6 out of 54, and the odds have gone from 6 million to 1 to 12.9 million to 1 for a $1 bet.

Lotto players are attracted in part by the sheer size of the potential winnings. In fact, the winnings are not quite as big as they are advertised to be. Million-dollar jackpot winners have been dismayed to discover that a $1 million jackpot means only $35,000 a year (after taxes) in 20 annual installments. Florida's $55 million jackpot winner will get only $2.7 million a year over 20 years (less after taxes). Florida simply buys an annuity that will yield $55 million over 20 years. The present value of that annuity is not $55 million but only $26 million.

New York's Russ Gladieux explains: "Say you expect to take in $4.5 million. When you take out the state's 45% share and 15% in operating expenses, and apply the current annuity factor of 2.1 to what remains, that would generate a $1.9 million jackpot." The annuity cost: just $900,000.

But if the lottery is such a pain-free moneymaker, why doesn't the federal government set up one of its own and cut down the staggering federal deficit? Because the states couldn't take the competition. "The states would lose too much," Saul Leonard says, "so I can't see the representatives from such states voting for it."

Lotteries tap some of the most primitive, mysterious and contradictory impulses in human nature. Unlike many other forms of gambling, the lottery doesn't require any skill,

Where there's a will . . .

In the 18th and 19th centuries, lotteries were both public and private enterprises, and they were a big business. In 1832, for example, Philadelphia's 200 lottery shops held over 420 drawings for prizes totaling $53 million. (That would come to something like $600 million in today's terms.) With money like that involved, the temptation was irresistible for promoters to cook up schemes to rig the draw or counterfeit the tickets or finagle the prizes or just walk off with the proceeds in their pockets.

In an 1818 case, the manager of New York's Medical Science lottery regularly fixed the draw. In one instance, the small boy who drew the tickets pulled three out of the wheel and dumped them into the lap of the manager, who promptly announced a fourth as the winner. Its owner claimed the winning number had come to him in a dream.

The bigger the business got, the worse the abuses. Bowing to pressure from the abolitionists of the time who were outraged for moral reasons, 12 states had outlawed lotteries by 1840, and the rest by 1878, except Louisiana, which finally banned them in 1894.

Thanks largely to its computer controls, the modern lottery has remained remarkably scandal free. There have been incidents, but they have been largely contained. In 1980 some Pennsylvania lottery officials fixed the game by injecting liquid latex into most of the balls used in picking the winning numbers so that the winning numbers flew up. They were caught before they collected their prizes and spent two to five years in jail. New York more recently found some employees in the lottery mail room guilty of fraud. Officials in a number of states have been accused of favoritism toward vendors, but that's unethical, not larcenous.

But nobody is complacent. Probably from the moment some Roman concocted the first lottery 2,000 years ago, another Roman began thinking of ways to cheat at it. As Massachusetts' lottery director Jim Hosker puts it, "There's some guy out there right now saying, 'How can I beat those bastards?' "—J.C.

any knowledge: Winning or losing is a matter of sheer luck. Yet though most players know their fate rests in the hands of Providence, they nonetheless cultivate the illusion that somehow they can control the outcome of the game. And so, if they don't win, they feel the fault is somehow theirs—they failed to bet their sister-in-law's anniversary or the numbers they saw on a license plate the week before through the windows of a bus.

Take Augustin Jombo, the man who won New York's $26 million lottery in January. Jombo picked his winning number—6, 14, 15, 41, 45, 51—by playing off three digits, 4, 1, 5, the month of his birth (4), the year of his birth (51), its reverse (15), its sum (6), and combinations of the three. Which tells you everything and nothing. But how else do you discipline the possibilities of the infinite?

A small industry has sprung up providing strategies for winning the lottery—dream books, winning numbers, horoscopes—and if those seem too primitive, you can turn to the more familiar witchcraft of modern technology and let Gtech's computer-controlled Quickpick find the numbers for you to bet. "Picking numbers for the Lotto game," the Iowa lottery concludes, "is an exercise in individuality that many players take seriously."

Are the lotteries making the poor noticeably poorer, taking bread out of their children's mouths, and turning responsible citizens into compulsive gamblers? The lottery's too new for the evidence to be in, but at this point the answer is, probably not. One Veterans Administration study indicated that the lottery is much less likely to lead to compulsive behavior than playing the stock market.

A young Pennsylvania couple, Tom and Philomena Drake, quit their jobs, sold everything they owned, and over a three-month period spent $15,000 on lottery tickets. It would be comforting to report that they lost their shirts. But they didn't. They came out $1,000 ahead.

The money most people put in the lottery won't break them, but it will give them pleasure and excitement and supply the government with revenue at the same time. Why be a spoilsport about it? ■

The lottery industry

The players, state by state, ranked in order of their annual revenues.

State/Year started	Total revenues* ($mil)	% change ('88–'87)	Revenues per capita	Prizes as % of total revenues	Operating exp as % of total revenues	Net income ($mil)	% of revenues to state
California/1985	$2106.4	49%	$74.78	49%	13%	$804.0	38%
New York/1967[1]	1632.0	8	91.17	47	9	725.6	44
Pennsylvania/1972	1461.0	9	121.48	50	10	592.9	40
Ohio/1974	1411.0	31	129.78	48	14	545.6	38
Massachusetts/1972	1379.2	8	234.92	59	10	434.8	31
Illinois/1974	1337.8	2	115.89	51	13	487.9	36
Michigan/1972	1246.4	19	134.02	46	15	488.4	39
New Jersey/1970	1174.0	3	152.07	49	9	500.9	42
Maryland/1973	811.4	6	174.72	48	9	352.2	43
Florida/1988[2]	658.3	—	106.36†	—	—	—	—
Connecticut/1972	513.8	5	158.53	51	10	202.70	39
Washington/1982	215.7	10	46.69	47	15	83.3	38
Virginia/1988[3]	200.0	—	100.07†	50	15	70.0	35
Arizona/1981	172.7	21	49.82	45	17	66.3	38
Oregon/1985	160.7	58	58.63	50	16	55.0	34
Missouri/1985	152.4	–15	29.65	45	11	66.6	44
Iowa/1985	129.6	36	45.73	51	18	40.2	31
Wisconsin/1988[3]	125.9	—	77.75†	51	—	—	—
Washington, D.C./1982[4]	124.5	1	200.80	49	17	42.5	34
Colorado/1983	93.3	–19	28.35	50	22	26.4	28
Kansas/1987[5]	92.0	—	36.99	44	36	19.1	20
Maine/1974	82.4	41	68.32	50	17	27.2	33
New Hampshire/1964	76.9	31	70.10	49	15	27.9	36
Rhode Island/1974	62.3	6	62.61	51	14	22.0	35
West Virginia/1986	56.6	–17	30.04	45	27	15.5	28
Delaware/1975	55.6	21	84.24	53	10	20.5	37
Vermont/1978	35.0	37	62.94	52	17	10.9	31
South Dakota/1987	26.4	—	36.92	45	25	7.8	30
Montana/1987	21.7	—	26.99	45	16	8.4	39
Total	$15.6 billion	17.48%	$93.73	48%	15%	$5.74 billion	37%

*Year ended June 30; includes other income. †Annual basis. [1]March fiscal year. [2]Jan. to June 1988. [3]Sept. to Dec. 1988. [4]September fiscal year. [5]Calendar year.

Sotheby's Art Market Trends

Index sectors	January 1989	One month ago	One year ago	Two years ago	Five years ago	One month % change	One year % change	Two years % change	Five years % change	Five years average annual % change
Old Master paintings	469	469	373	329	239	nil	+25.7	+42.6	+96.2	+14.4
19th-century European paintings	421	421	323	279	201	nil	+30.3	+50.9	+109.5	+15.9
Impressionist & Post-impressionist art	1,255	1,255	723	490	307	nil	+73.6	+156.1	+308.8	+32.5
Modern paintings (1900-1950)	1,138	1,138	757	512	282	nil	+50.3	+122.3	+303.5	+32.2
Contemporary art (1945 onward)	856	856	609	551	392	nil	+40.6	+55.4	+118.4	+16.9
American paintings (1800–pre-WWII)	1,076	1,076	871	698	556	nil	+23.5	+54.2	+93.5	+14.1
Continental ceramics	467	467	331	290	284	nil	+41.1	+61.0	+64.4	+10.5
Chinese ceramics	815	815	581	526	459	nil	+40.3	+54.9	+77.6	+12.2
English silver	388	388	381	343	219	nil	+ 1.8	+13.1	+77.2	+12.1
Continental silver	296	296	220	201	156	nil	+34.5	+47.3	+89.7	+13.7
American furniture	491	484	459	404	239	+1.4	+ 7.0	+21.5	+105.4	+15.5
French & Continental furniture	409	409	319	299	257	nil	+28.2	+36.8	+59.1	+9.7
English furniture	822	822	657	517	328	nil	+25.1	+59.0	+150.6	+20.2
Aggregate index*	740	740	514	407	286	nil	+44.0	+81.8	+158.7	+20.9

Basis: 1975 = 100 ($).

©Sotheby's 1989

*Contemporary art was added to the Art Index in September 1987. The aggregate index excludes this category prior to that date.

Sotheby's Art Market Trends reflect subjective analyses and opinions of Sotheby's art experts, based on auction sales and other information deemed relevant. Nothing in Sotheby's Art Market Trends is intended as investment advice or as a prediction or guarantee of future performance or otherwise.

Market highlights

In January, a relatively quiet month, New York City hosted a major series of sales of American folk art, silver, furniture and decorations, paintings and prints—Americana. American silver and porcelain were particularly strong performers. The Sam Wagstaff collection of American silver drew attention to the imaginative, stylistic range of this country's late-19th-century silver. Every piece in the collection sold, totaling $920,755.

Also in New York, approximately $28 million of Old Master paintings changed hands in a series of auctions, establishing several new artists' records. The condition of the paintings appeared to be an important factor in these Old Master sales. Buyers were willing to pay high prices only for the best-quality works in top condition, particularly for Dutch works. Italian Old Master paintings did very well. The star of the series was an allegorical painting by Giovanni de Lutero, known as Dosso Dotti. Purchased unrecognized at a country auction for $1,000, the work realized $4,070,000 when its artist was properly identified.

Minor sales of furniture in New York met presale expectations. Buyers bid competitively for items of good quality but showed little interest in items that were heavily restored or of mediocre quality.

In mid-January a series of sales of Chinese ceramics, works of art and paintings took place in Hong Kong. Among the highlights were 19 pieces of blue-and-white Ming porcelain from the collection of the late Mr. and Mrs. R.H.R. Palmer, which sold for a total of $3.5 million. Mr. Palmer had been the chairman of the British food manufacturing company Huntley & Palmer and had assembled his collection in the 1930s.

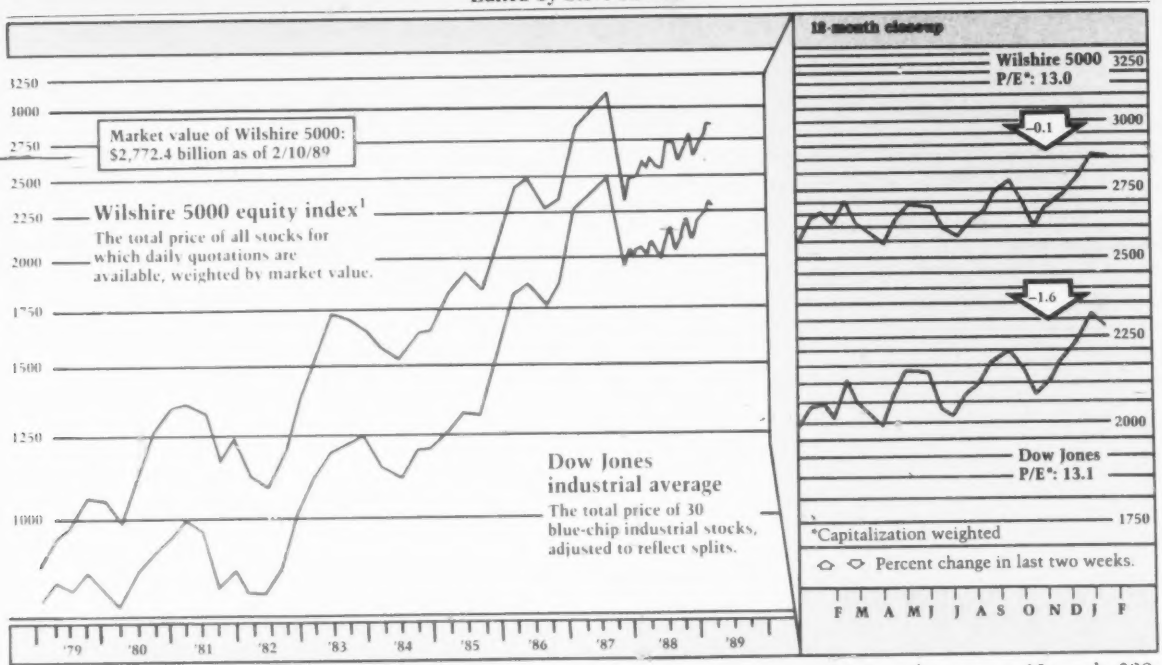
Christie's

Early Ming double gourd moon flask

Most of the major pieces in the Palmer collection achieved remarkably consistent rates of return. For example, a double gourd moon flask brought the top price of the auction at $521,800, compared with the original purchase price of $333 paid in 1934—an annual return in dollars of 14.6%. A "Palace" bowl purchased for $249 in 1936 now sold for $282,051—an annual return of 14.5%. And a Waisted bowl and cover, which had cost $611 in the late 1920s, sold for $310,260—a return of 13.4% per annum.

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Believers in the old "odd lot" theory—small investors are usually wrong—have new grist for their mills. The ratio of mutual fund purchases to mutual fund sales suggests that small investors are returning to the market, something that traditionally happens in the later stages of a rally. According to *Investor's Daily*, currently, the mutual fund purchase ratio is at 1.13, meaning that there were $113 of purchases for every $100 of redemptions. That's up from a low of 0.81 last August. Thus, it seems that it was more than the institutions driving the recent 12-week 309-point rally in the Dow.

But, interestingly, with all those small investors jumping into the market, somebody was selling off the blue chips. The Dow closed lower in seven of the last eight sessions and it finished the recent two-week period with a 1.6% decline. The selloff did not extend to the secondary stocks: The o-t-c and the Amex advanced 1.1% and 0.4%, respectively.

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	3.2	2.9	2.7	2.8	2.2	3.9
in last 52 weeks	13.6	13.1	15.3	13.2	16.5	13.9

Stock performance based on six key investor yardsticks[3]

Percent change	Company size		Volatility[4]		P/E multiple		Dividend yield		Growth profile[5]		Share price	
	large	small	high	low	over 21	under 8	over 4.5%	none	high	low	over $34	under $4
in last 4 weeks	3.4	4.6	4.1	1.6	3.4	4.4	1.8	2.8	5.0	2.3	3.2	4.0
in last 52 weeks	15.9	14.6	19.3	6.4	32.3	16.7	2.4	23.6	15.3	12.2	32.3	3.8

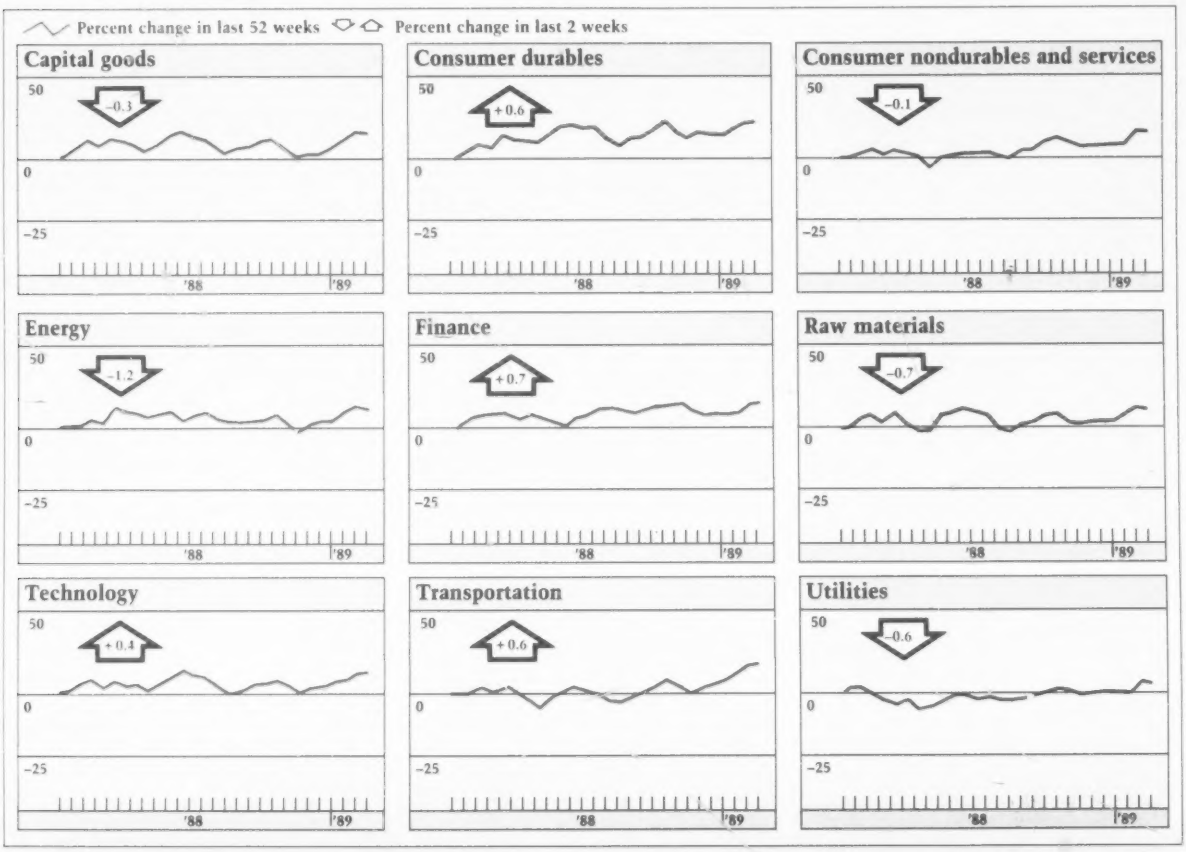
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. [2]Based on sales. [3]Equal weighted indices containing all shares with market capitalizations over $10 million. [4]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable. [5]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 2/10/89. Prepared by Wilshire Associates, Santa Monica, Calif.

Steven Ramos

Where the Action Is

Against the tide. While the overall market, as measured by the Wilshire index, fell 0.1% in the last two weeks, four of the nine Wilshire sectors managed to post gains. The finance group, led by insurance and savings and loan companies, was the strongest sector. Investors responded positively to a proposed federal bailout of the troubled thrift industry. Technology also advanced, led by Commodore International, which gained 16.8%. Commodore, which manufactures both IBM-compatible and noncompatible computers, is a former Wall Street favorite that now appears to be making something of a comeback. Microsoft, Mentor Graphics, General Instrument and Novell all gained more than 10%. Consumer durables and transportation stocks also posted two-week advances.



What the Analysts Think

So where is the recession? Analysts raised 1989 earnings estimates for General Motors and Chrysler. With the automakers in favor again on Wall Street, it's all too likely that analysts raised their estimates to justify the runup in stock prices. The experts are now forecasting 1989 earnings of $13.33 a share for GM and $5.25 for Chrysler.

Forecasting the Forbes Sales 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.35	12.0
1989 estimates	3.95	10.2
1990 estimates	4.53	9.4

Rank based on change in estimate	Sector	Estimated 1989 EPS	Estimated 1989 P/E	% change in 1989 estimate in 2 weeks	% change in 1989 estimate in 4 weeks
1	Consumer durables	$5.06	10.8	2.86%	3.12%
2	Raw materials	3.54	9.2	1.39	1.25
3	Utilities	3.08	10.1	0.08	0.26
4	Energy	3.06	11.9	0.07	0.30
5	Consumer nondurables	2.76	13.0	0.01	-0.09
6	Finance	3.77	7.9	-0.12	-0.31
7	Capital goods	3.03	12.6	-0.38	-0.43
8	Technology	3.21	11.1	-0.49	-0.77
9	Transportation	2.83	10.4	-1.38	-1.42

Earnings projections are capitalization-weighted consensus estimates from over 3,000 security analysts. Data are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 2/10/89. Prepared by Wilshire Associates, Santa Monica, Calif., IBES, a service of Lynch, Jones & Ryan, New York.

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MARCH 20, 1989

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Forbes

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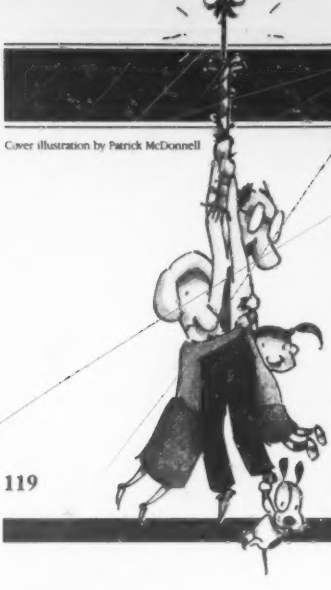

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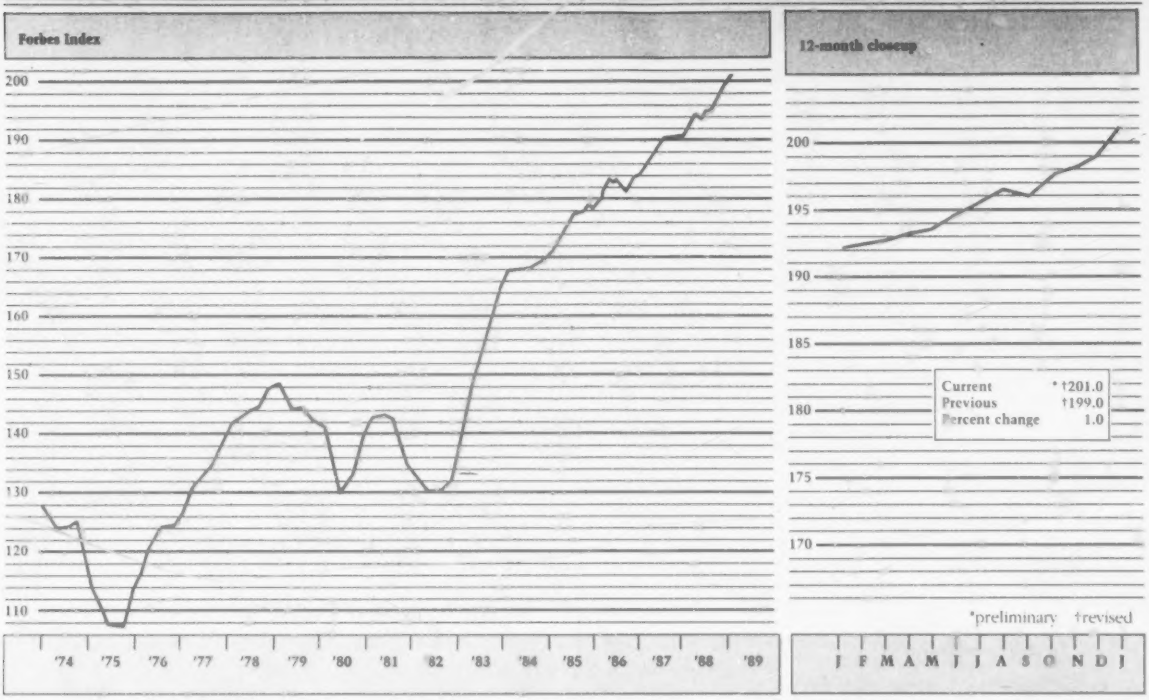
The Forbes Index

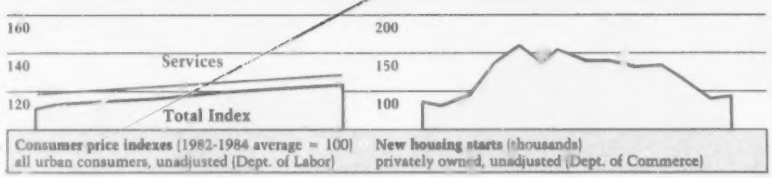


The economy is expanding rapidly, perhaps too rapidly. The Consumer Price Index jumped 0.5% in January before seasonal adjustment, the biggest rise since August. It was caused by significant increases in the cost of building materials, general merchandise, food and medicine. The index' services component rose 0.6%. In response to these inflationary signs, the Federal Reserve raised the discount rate (the loan rate it charges member banks) to 7%. Retail sales were up 0.6% in January, with virtually all of the rise attributed to higher prices rather than higher unit sales. A cold January did not prevent new housing starts from registering a 27.5% increase over January 1988.

The Forbes Index Components

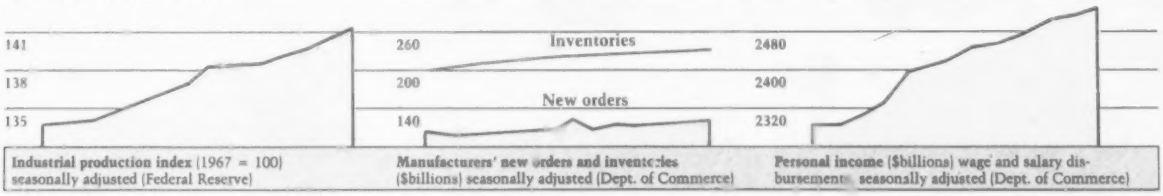
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, Forbes monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Consumer price indexes (1982-1984 average = 100) all urban consumers, unadjusted (Dept. of Labor)

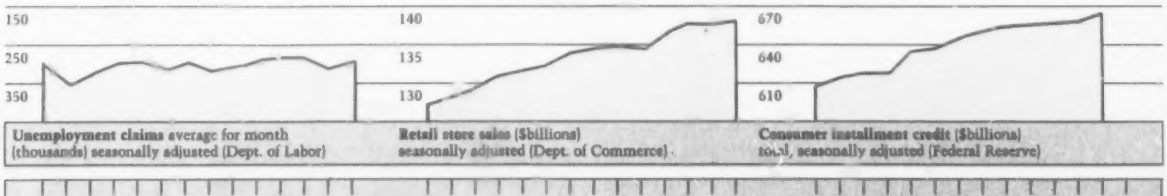
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)

Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)

Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)

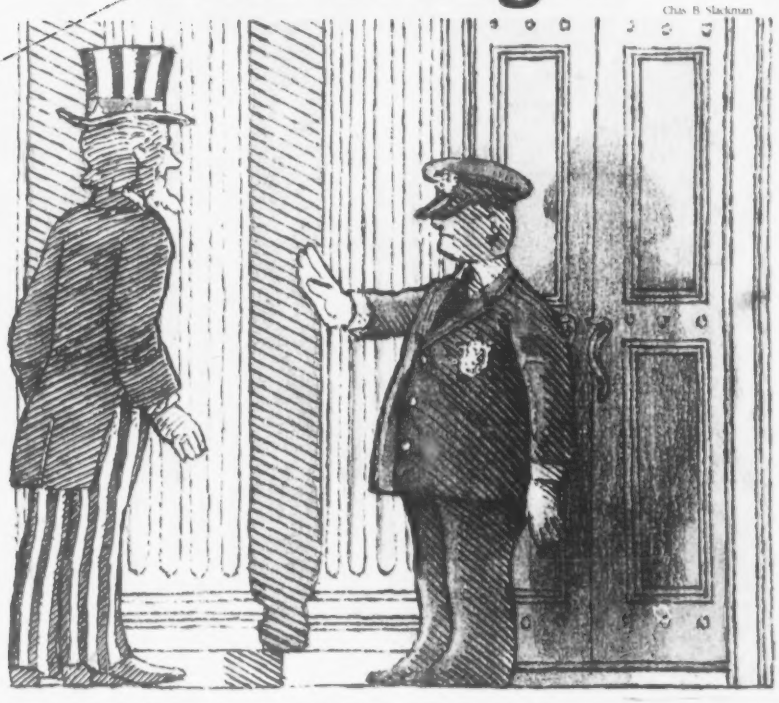
Retail store sales ($billions) seasonally adjusted (Dept. of Commerce)

Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

Numbers Game

Finally, banks are disclosing their lending to highly leveraged transactions. Too bad the disclosures are virtually meaningless.

A colossal case of apples and oranges



By Penelope Wang

AFTER YEARS OF SECRECY, repeated demands by financial analysts and increasing regulatory pressure, banks are finally disclosing information about their lending to highly leveraged transactions such as leveraged buyouts. Is that good news? Not quite. What is emerging is a colossal case of apples-and-oranges accounting.

In December, for example, Bankers Trust reported that its leveraged lending portfolio stood at $3.3 billion, or about 13% of total loans. What constitutes leveraged lending to this bank? Any transaction in which debt equals 70% or more of total capital.

Now consider Chemical Bank. At year-end it reported that loans outstanding to leveraged corporate transactions total $2 billion, or 4.8% of its total loan portfolio. What definition of "leveraged" did the bank use to arrive at this figure? All transactions in which the borrower's indebtedness exceeded its tangible net worth by more than 3-to-1. To add to the confusion, unlike Bankers Trust, Chemical's figure included total lending outstanding, not just senior debt.

In sum, anyone who thinks Bankers Trust is twice as risky an investment as Chemical because it has more than twice as much of its portfolio in leveraged transactions is guilty of mixing apples and oranges. "We are at the point where no two banks' leveraged buyout disclosures are alike," complains George Salem, banking analyst at Prudential-Bache.

At the root of the problem are government regulators, who are responding to congressional anxiety over leveraged buyouts and junk bond financing. Heavy lending to those markets spurred the Comptroller of the Currency and the Securities & Exchange Commission to push the

Dare to compare

Consider these reports from five major money center banks of loans made for highly leveraged transactions. Now consider their definitions. Can anyone sensibly compare one bank with another on such bases?

Bank	Leveraged loans outstanding* ($bil)	% of total loans	Definition of leverage
Bank of America	$1.3	2.0%	LBO and recapitalizations outstanding, including various forms of acquisition and other leveraged financing.
Bankers Trust	3.3†	13.0†	Acquisitions in which debt to total capitalization is 70% or greater.
Chemical Bank	2.0	4.8	Borrowers' indebtedness exceeds tangible net worth by more than 3-to-1.
Chase Manhattan	1.3	1.9	Transactions that result in a change in ownership and in a company's capital structure, maximizing leverage.
Citicorp	4.2 (U.S.only)	2.8	Senior lending for the acquisition of commercial and industrial companies.

*1988 year-end figures. †As of Dec. 7, 1988.

Source: company data.

banks for greater review and disclosure of what is actually in their loan portfolios. Yet the regulators have not provided anyone, least of all the banks, with a definition of what constitutes a leveraged transaction in the first place. "If it looks leveraged, it probably is leveraged," sighs one SEC staffer, "but most of us would be hard-pressed to come up with a definition."

But just such a definition is indispensable, of course, if bank reporting is to have any meaning at all. Just when does a deal become so highly

Complains banking analyst George Salem of Prudential-Bache, "We are at the point where no two banks' leveraged buyout disclosures are alike."

leveraged, and therefore risky, that it must be disclosed? At a 3-to-1 debt-to-equity ratio? At 10-to-1?

What's more, leverage per se does not automatically equal risk. Notes Stephen Skaggs, vice president at Alex Sheshunoff & Co., the Texas-based bank analysis group, "The real factor in these transactions isn't so much the leverage as the cash flow." Skaggs points out that a buyout leveraged at 5-to-1 might not have cash flow to cover interest payments, whereas a deal at 10-to-1 might well have more than enough cash flow to cover interest costs.

Another problem is that highly leveraged deals may include a smorgasbord of transactions, from LBOs to mergers to ESOPs, each one subject to different types of risk. The definition could even include funding for venture capital and research and development deals.

What to do about this accounting mess? Recently a glimmer of hope appeared on the horizon, when the Federal Reserve directed bank managers and examiners to review leveraged transactions that exceed a debt-to-equity ratio of 3-to-1. That's an arbitrary level, to be sure, but an arbitrary definition is better than no definition if everyone agrees to accept and use it. That way, at least it is possible to have comparability.

Unfortunately, the SEC, which regulates reporting to the public, has no plans to require banks to use the Fed's guidelines in their loan disclosures. Meanwhile, 1988's crop of annual reports is already at the printers or even in the mail, chock-full of apples and oranges to frustrate and confuse any investor trying to figure out which banks are the safest banks. ■

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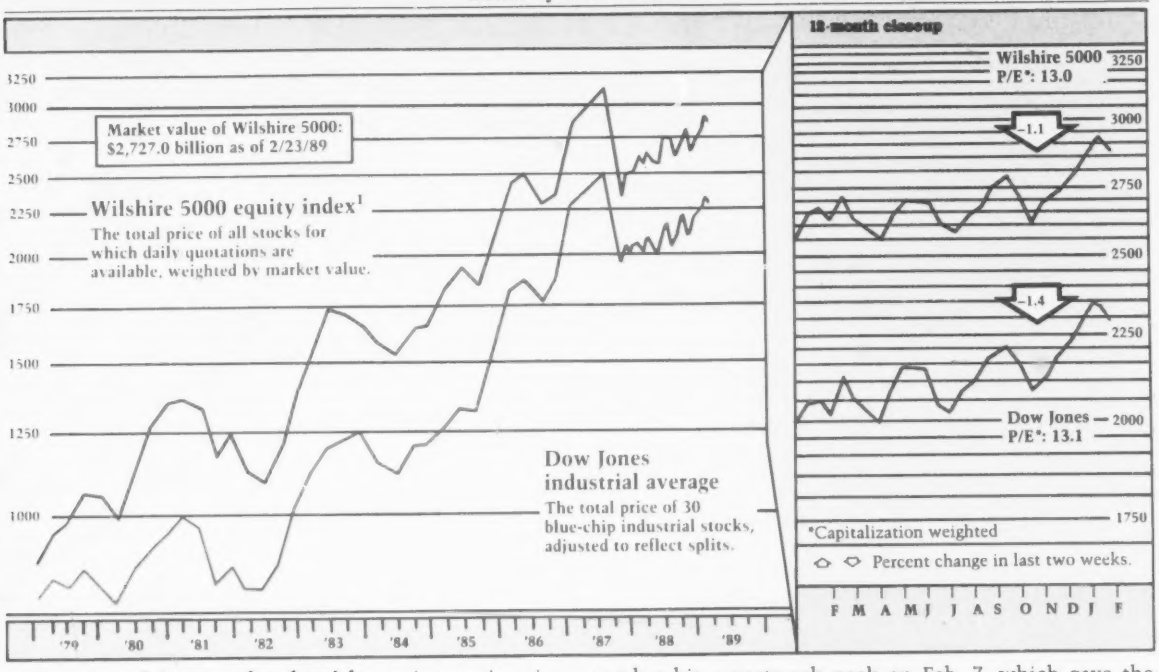
The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Investment advisers are less bearish—an interesting sign for contrarians because these experts are often wrong. Michael Burke, editor of *Investors Intelligence*, a New Rochelle, N.Y.-based newsletter that tracks 135 investment advisers, reports that currently 34.2% of them are bearish. According to Burke, this is the lowest level of pessimism since the crash.

In December the bearish camp comprised over 55% of Burke's survey group. What happened since then? The market hit a postcrash peak on Feb. 7, which gave the Wilshire index a gain of 7.6% since the start of the year. Now Burke, who puts great faith in his indicator, thinks that stock prices are due for a correction.

Share prices, indeed, lost ground during the last two weeks. In addition to Burke's sentiment indicator, investors also had to worry about rising interest rates. The Dow and S&P 500 declined by 1.4%, while the Amex and Nasdaq stocks lost about half as much.

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	0.7	0.1	–0.1	0.3	0.6	1.5
in last 52 weeks	11.7	11.5	13.5	11.4	14.1	10.8

Stock performance based on six key investor yardsticks[3]

Percent change	Company size		Volatility[4]		P/E multiple		Dividend yield		Growth profile[5]		Share price	
	large	small	high	low	over 21	under 8	over 4.5%	none	high	low	over $34	under $4
in last 4 weeks	0.9	2.5	2.2	–0.2	1.8	2.8	0.4	0.7	2.8	0.6	1.3	2.7
in last 52 weeks	13.6	13.6	12.9	5.2	26.7	13.4	1.2	17.3	12.3	10.9	19.0	0.4

[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. [2]Based on sales. [3]Equal weighted indices containing all shares with market capitalizations over $10 million. [4]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable. [5]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

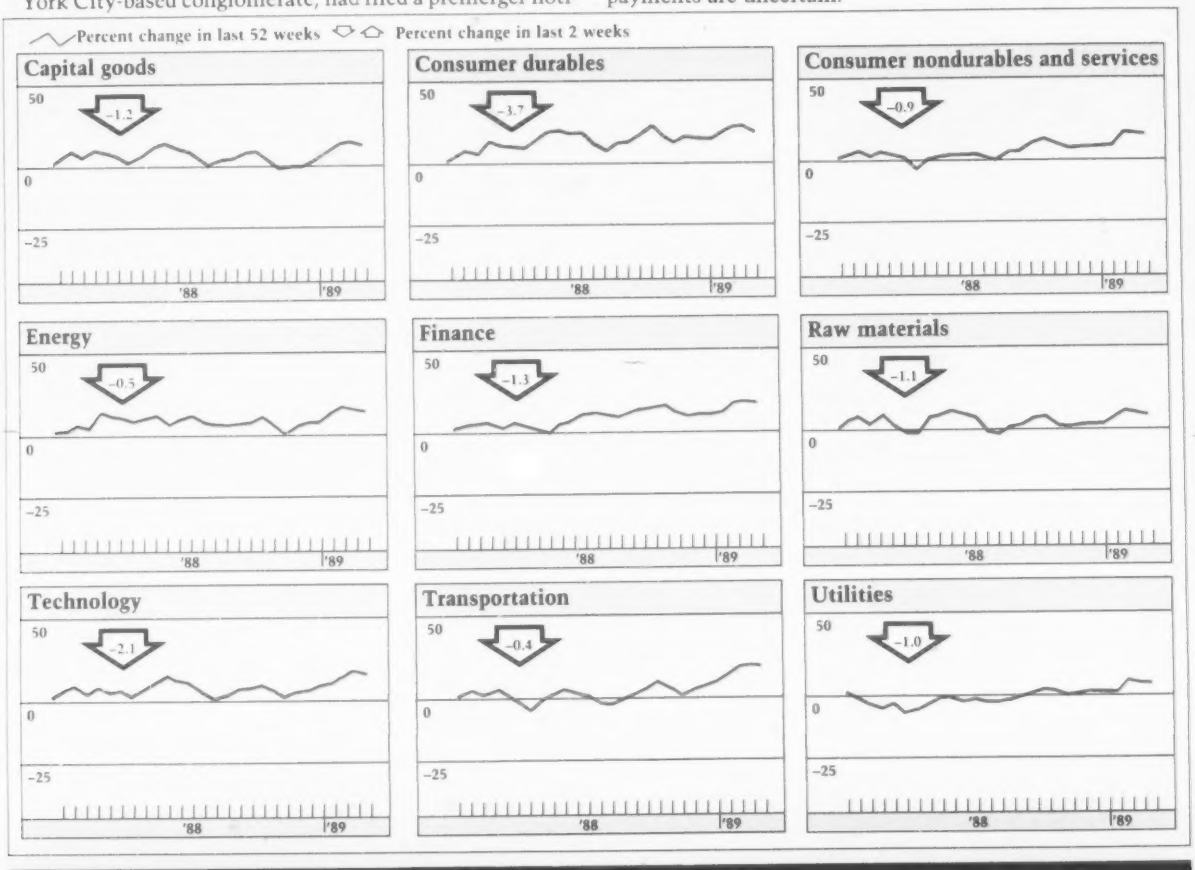
Note: All data for periods ending 2/23/89. Prepared by Wilshire Associates, Santa Monica, Calif.

Steven Ramos

Where the Action Is

There's nothing like a takeover threat to move a stock. Although the capital goods sector declined 1.2% during the last two weeks, one stock in the group, Precision Castparts, rose 28%, to 36½. The Portland, Ore.-based manufacturer of castings for the aerospace industry announced on Feb. 15 that Sequa Corp., a $1.7 billion New York City-based conglomerate, had filed a premerger notification form with the Federal Trade Commission stating its intention to acquire up to 24.99% of Precision.

Despite the drop in the overall averages, Tambrands, Aristech Chemical and Emhart all posted gains of 15% or more. But El Paso Electric declined 18.3% on news that its chief executive had resigned and that future dividend payments are uncertain.



What the Analysts Think

Flying against a headwind. The transportation sector as a whole had some of the biggest cuts in earnings estimates during the last four weeks, but several airline stocks were treated to increases in their 1989 earnings forecasts. Analysts raised their estimates for UAL, Alaska Air and AMR by 4% or more during the past four weeks.

Forecasting the Forbes Sales 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.36	12.0
1989 estimates	3.96	10.2
1990 estimates	4.37	9.4

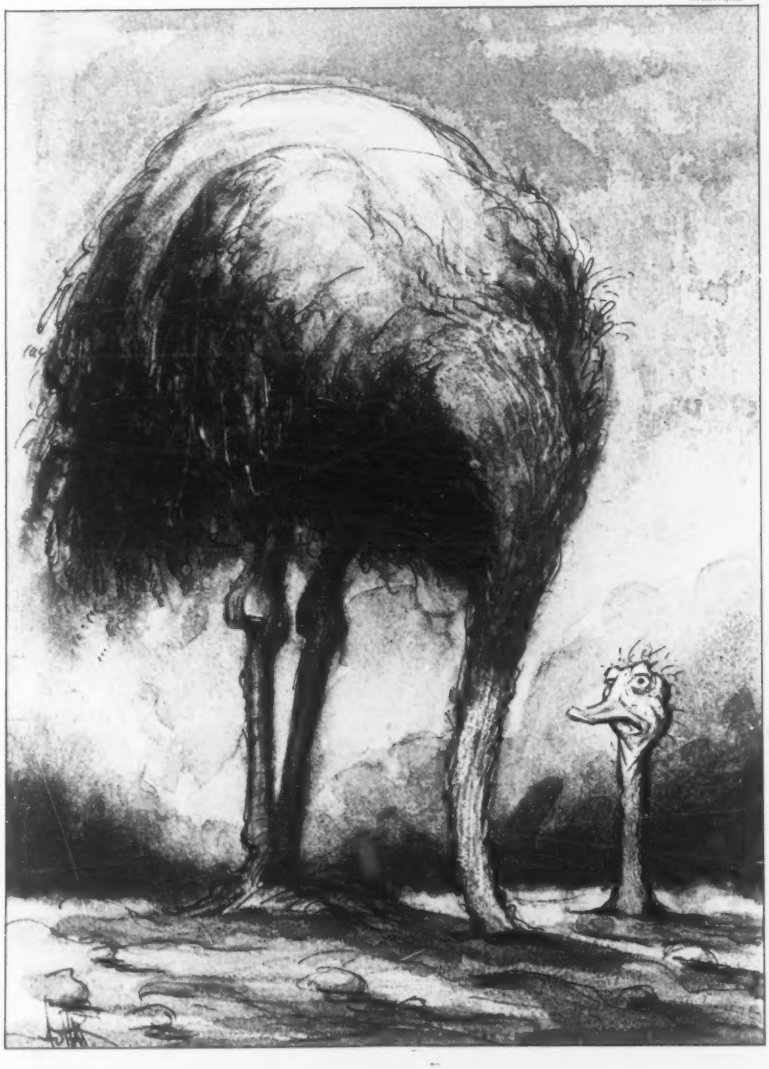
Rank based on change in estimate	Sector	Estimated 1989 EPS	Estimated 1989 P/E	% change in 1989 estimate in 2 weeks	% change in 1989 estimate in 4 weeks
1	Raw materials	$3.54	9.2	0.49%	1.49%
2	Consumer durables	5.05	10.7	0.21	1.99
3	Finance	3.76	7.9	0.16	0.14
4	Energy	3.06	12.0	0.07	0.41
5	Consumer nondurables	2.73	12.9	–0.06	–0.04
6	Utilities	3.08	10.1	–0.15	–0.08
7	Capital goods	3.03	12.8	–0.21	–0.88
8	Transportation	2.83	10.5	–0.23	–0.74
9	Technology	3.22	11.0	–0.48	–0.68

Earnings projections are capitalization-weighted consensus estimates from over 3,000 security analysts. Data are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 2/23/89. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.

No surprise: Companies that went private a few years back are going public again. Here, tips on spotting potential winners.

Born-again stocks



Brian Ajhar

By Christopher Palmeri

COMPANIES THAT WERE acquired via leveraged buyouts are now seeing the light of public ownership again. That's because converting LBO debt into public equity is just one more opportunity for investment bankers, private investors and management to make money on the deal. But the dealmakers have been leaving a little money on the table for individual investors, too.

We studied 70 former leveraged buyout firms that made $20 million-plus new public offerings in the period from 1980 to May 1988. From their initial offering price to the present, these 70 stocks have an average relative performance of 113. For reference, a stock that posted the same gain as the S&P 500 would have a relative performance of 100.* In short, the recycled LBOs did significantly better than the market. The 70 stocks also turned in a respectable 17% average annual return.

Which stocks did the best? The winners' list is peppered with brand names like Harley-Davidson, A&W Root Beer, Budget Rent a Car, Formica, Tiffany and Topps bubblegum cards. Brand names have had a good run recently on Wall Street—think of the recent takeovers of packaged goods companies—and that applies whether they belong to firms that have been public for decades or to companies that were recently listed.

Takeovers increased the value of several of the best-performing LBOs-gone-public. Four of the top 15 issues were reacquired, and 2 more, Formica and Budget Rent a Car, appear to be headed in the same direction. As a whole, 19% of the 70 stocks in our study were reacquired, a percentage roughly double that of all initial public offerings over the same period.

We also found that LBOs done by merchant banking firms or outside investors generally did better after going public than did purely management-led buyouts. One conspicuous exception to this rule is Kohlberg Kravis Roberts, the buyout pioneer that juggled the $25 billion purchase of RJR Nabisco. In the ten deals we monitored, KKR had an average relative performance of only 88. Child World and

More precisely: Take the sum that a $100 investment in the stock would have grown to. Divide it by the amount that $1 invested in the S&P would have grown to over the same period, not counting dividends. The resulting quotient is the relative performance.

L.B. Foster, on the other hand, were the firm's biggest losers.

What fundamentals are associated with good performance of an LBO going public? "Ignore price/earnings and price/book ratios," says McKinley Allsopp analyst Richard Haydon. "The most important thing is the level and stability of operating income," by which he means earnings before taxes, interest and depreciation. And, he says, "You must go beyond what is in the prospectus and make estimates of that cash flow."

First Chicago Venture Capital President John Canning, who has put over $600 million of the bank's money into leveraged buyouts, says he considers most industrial companies a value at 7½ times operating income, although communications companies often command multiples of 10 to 15. Canning includes debt assumed in the price of a company.

Take Outlet Communications, a Providence-based radio and TV station operator that William Simon's Wesray Capital bought from the Rockefeller Group in 1986. Outlet went public in January 1987 at 11¼ and now trades at 26, even though it has a negative book value and no earnings.

What makes Outlet valuable? The real cost of acquiring any firm is the sum of its market price and its total debt. Currently at 26, and with $27 a share in long-term debt, Outlet has an acquisition cost of about $53 a share. What you get is a property with 1988 operating income of $4.88 a share. The market, then, is pricing Outlet at 11 times operating income. ■

Gone today, here tomorrow

Companies that have gone private in leveraged buyouts are popping back up on Wall Street's ticker machines. In the past eight years more than 70 former LBOs have been taken public with stock offerings valued at $20 million or more. The best and the worst of the lot are listed below. Companies with strong, identifiable brand names seem to have the best chance of performing well after going public.

Company/industry	Pre-LBO owner	Buyout group	Offer date	Offer price	Recent price	% change	Relative to S&P
Winners							
Georgia Gulf/chemicals	Georgia-Pacific	management	Dec 86	9¾	42⅞	340	367
Specialty Equipment/food service equip*	Beatrice	Gibbons Green van Amerongen	July 87	12	33	175	318
Anitec Image Technology/photo process*	GAF	outside investors	May 85	7⅜	25½	248	290
Vista Chemical/chemicals	Conoco	Gordon Cain	Dec 86	17	56⅛	230	276
Topps/bubble gum cards	firm was public	Forstmann Little	May 87	13	36⅜	182	266
Outlet Comms/radio, TV stations	Rockefeller Group	Wesray Capital	Jan 87	11¼	26¼	133	211
Budget Rent a Car/car rental	Transamerica	Gibbons Green van Amerongen	May 87	14	29½	111	200
Wellman/polyester fiber	firm was private	management	June 87	20½	41⅜	102	199
Formica/laminates	Amer Cyanamid	management	June 87	11¾	22¼	89	196
Harley-Davidson/motorcycles	AMF	management	July 86	11	26⅜	140	195
Tiffany/retailing	Avon Products	management	May 87	23	44⅛	92	191
A&W Brands/soft drinks	United Brands	Alfred Taubman	May 87	11	18	64	162
Western Auto Supply/auto parts*	Beneficial Corp	Wesray Capital	Jan 87	13	19	46	151
Foodmaker/fast-food stores*	Ralston Purina	Gibbons Green van Amerongen	Feb 87	13½	19⅜	44	147
Ladd Furniture/furniture	Sperry & Hutchsn	management	Aug 83	5⅜	14	160	141
Losers							
MAI Basic Four/computers	Mgmt Assistance	Bennett LeBow	June 86	15	10½	–30	58
Leslie Fay/women's apparel	firm was public	Odyssey Partners	Aug 86	18	12¼	–32	54
Child World/toy stores	Cole National	Kohlberg Kravis Roberts	Aug 85	16¾	13¾	–18	52
Allstar Inns/hotels	privately held	outside investors	Mar 87	12½	6¼	–50	52
Charter Power System/batteries	Allied Corp	management	Feb 87	11	5⅝	–49	48
Gtech/lottery systems	Datatrol	Bass Brothers Enterprises	July 83	13¼	10½	–21	45
Reliance Group/insurance	firm was public	Saul Steinberg	Sep 86	10	5¾	–43	45
Communications Trans/telephone lines	Times Mirror	management	Oct 87	12	4¾	–60	42
Pannill Knitting/sportswear	firm was private	management	June 86	21	9⅝	–54	37
Cato/retailing	firm was public	management	Apr 87	12	4⅜	–64	35
Lincoln Foodservice/food service	Alcoa	Wesray Capital	June 86	15½	6⅜	–59	33
Chartwell Group/lamps	firm was private	management	Mar 86	14	4½	–68	25
Healthcare Int/psychiatric hosp	firm was private	management	Oct 85	9½	3	–68	20
LB Foster/pipes, tubing	firm was public	Kohlberg Kravis Roberts	June 81	17	5⅝	–67	15
Ramsay HealthCare/psychiatric hosp	Amer Medical Intl	management	Aug 85	12	2⅛	–82	11

*Firm was reacquired.

Sources: Securities Data Corp.; FORBES.

TAIWAN'S LONG MARCH TOWARD DEMOCRACY

APRIL 3, 1989 THREE DOLLARS SEVENTY-FIVE CENTS

Forbes

THE MAN BEHIND

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Forbes

Cover photo by Dominique Nabokov

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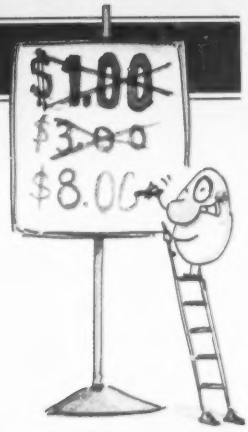

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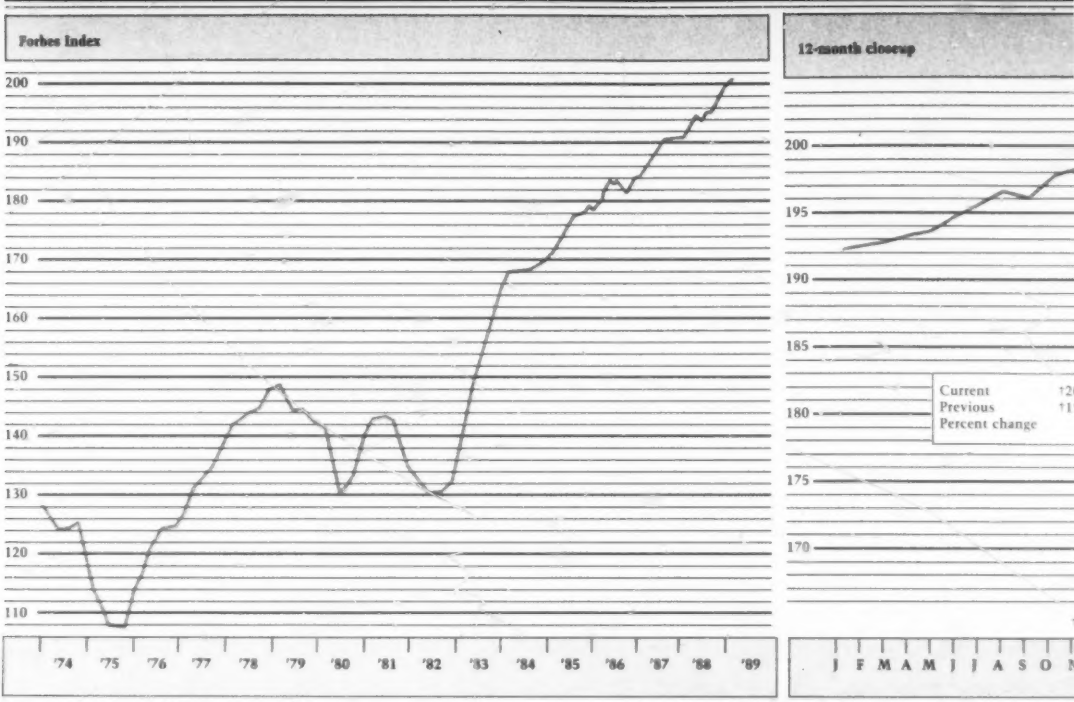
The Forbes Index



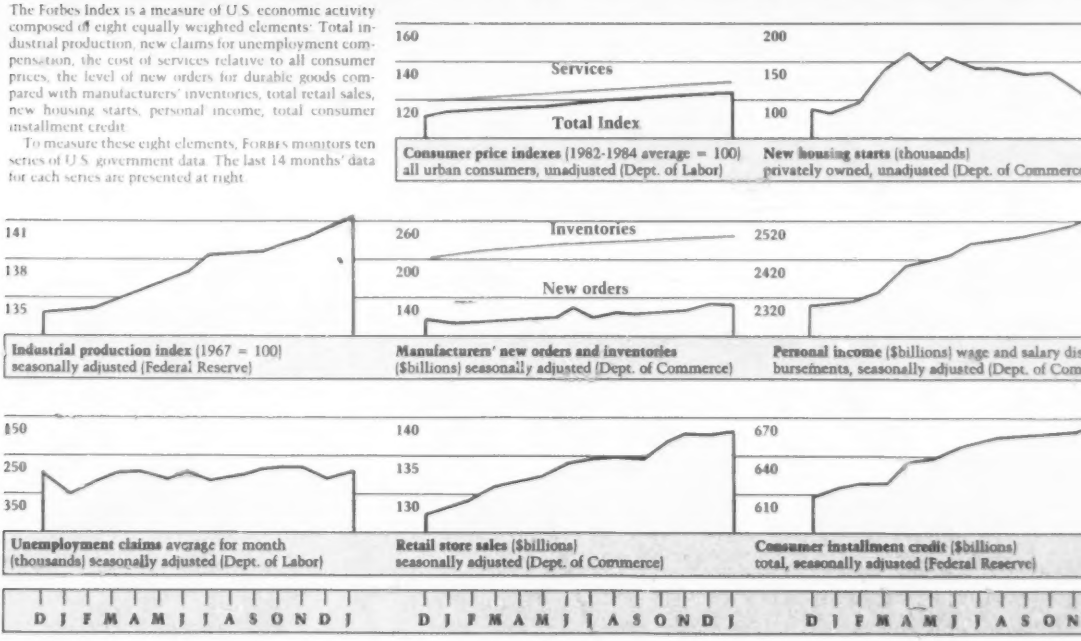
Money for spending. Personal income rose 1.1%, to an annual rate of $2.56 trillion in January, a record, the Commerce Department reports. This puts the paychecks of Americans 11.7% above their January 1988 level. During this time consumer installment credit rose 8.3%.

January's economic momentum—shown in the government's index of leading indicators, which went up (appears to have spilled over into February. The une ment rate dropped 0.3%, to 5.1%. This is the lowe since 1974. Banks responded to these inflationary by raising the prime rate to 11.5%, the highest it h since November 1984.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, Forbes monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Consumer price indexes (1982-1984 average = 100) all urban consumers, unadjusted (Dept. of Labor)

New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)

Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)

Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)

Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Com

Unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)

Retail store sales ($billions) seasonally adjusted (Dept. of Commerce)

Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

using." Whatever the reason, Shearson began a pilot program with 80 of ADP's FS Partner terminals in January, and is scheduled to begin installing 18,000 workstations this month.

Quotron has won some minor battles. It is replacing ADP's old Bunker Ramo system at Kidder, Peabody (3,000 terminals) and at A.G. Edwards (5,000 terminals). But so far ADP is winning the war. In all, over the next two years ADP's FS Partners will probably replace some 35,000 Quotron terminals. That would give ADP more than 60% of the market, and reduce Quotron's share to around 30%.

For all its momentum, two factors could work against ADP. First, there is the problem of bugs in the FS Partner technology. ADP is currently about six months behind schedule at Merrill Lynch, and this is causing many potential ADP customers to take an I'll-believe-it-when-I-see-it attitude. Remember that in the early 1980s a joint venture between Merrill Lynch and IBM to develop a stock quote system ate up a reported $100 million before it was abandoned in 1986.

But DuWayne Peterson, Merrill Lynch's chief technical officer, says he expects FS Partner to survive. Describing the difference between the Quotron systems and FS Partner as "night and day," he says: "We don't see any technical problems getting in our way." Agrees Shearson's Morrison: "There's nothing on the horizon that says this won't happen."

Potentially more dangerous is a reinvigorated Quotron. Less than 10% of Quotron's business currently comes from overseas, and that is mostly from U.S.-based customers.

This room for growth no doubt adds to Quotron's attractions in the eves of a suitor. Despite recent denials by Citicorp Chairman John Reed, rumors keep surfacing that Citicorp wants to sell Quotron. One party interested in Quotron's 100,000-terminal distribution system—perhaps to buy, perhaps to do a joint venture—would be Britain's aggressive and well-managed Reuters Holdings Plc. Reuters already has over 170,000 terminals in place worldwide to access everything from world news to historical databases. In the last four years it has bought ten information-oriented firms, several of which provide databases on commodities, precious metals and banking. And though Reuters dominates the equities market in Europe, it has very little presence in the U.S. and has so far shown no inclination to compete for brokerage clients here.

ADP versus Reuters? Now that would be a fight worth watching. ■

How do you turn a low-priced commodity chemical into a specialty product? Ask Alexander Giacco at Himont.

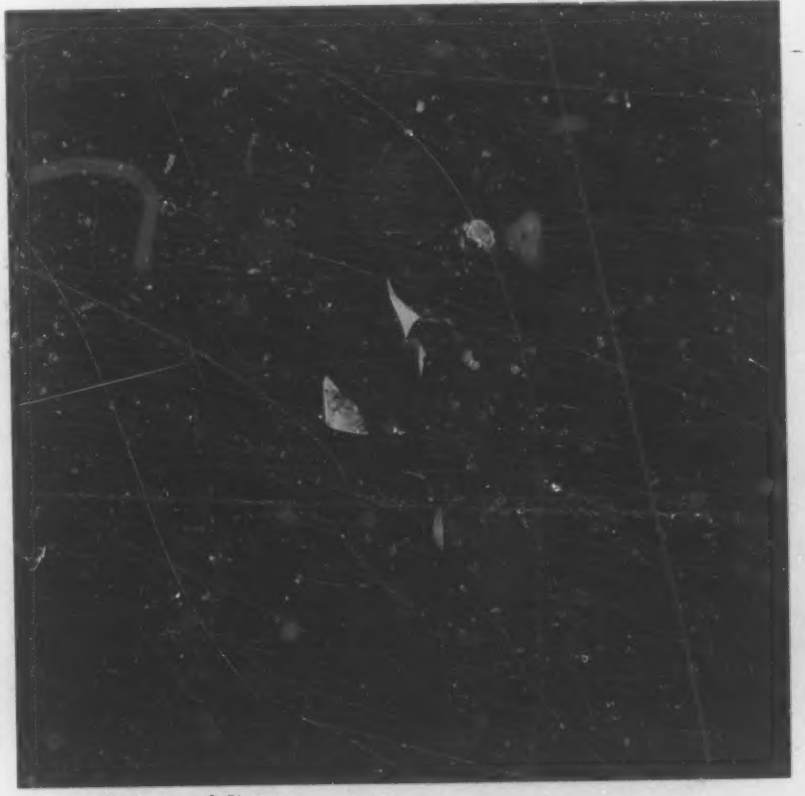
Defying the law of gravity

By Alyssa A. Lappen

GIVEN ENOUGH TIME and demand, every specialty product will eventually become a commodity. This businessman's law of gravity has in time lowered profits on everything from cars and television sets to computers and wall-to-wall carpeting.

But we've found a company that is defying gravity in, of all things, that most commoditylike of businesses, plastics. The company, Himont, Inc., a specialty chemical firm formed six years ago as a joint venture of Hercules Inc. and Italy's Montedison SpA, has grown from $915 million to $1.7 billion in revenues, with aftertax profit margins widening from 8% of sales in 1984 to an astounding 22% last year. Compare that with the 7.2%

James Lukoski/JB Pictures

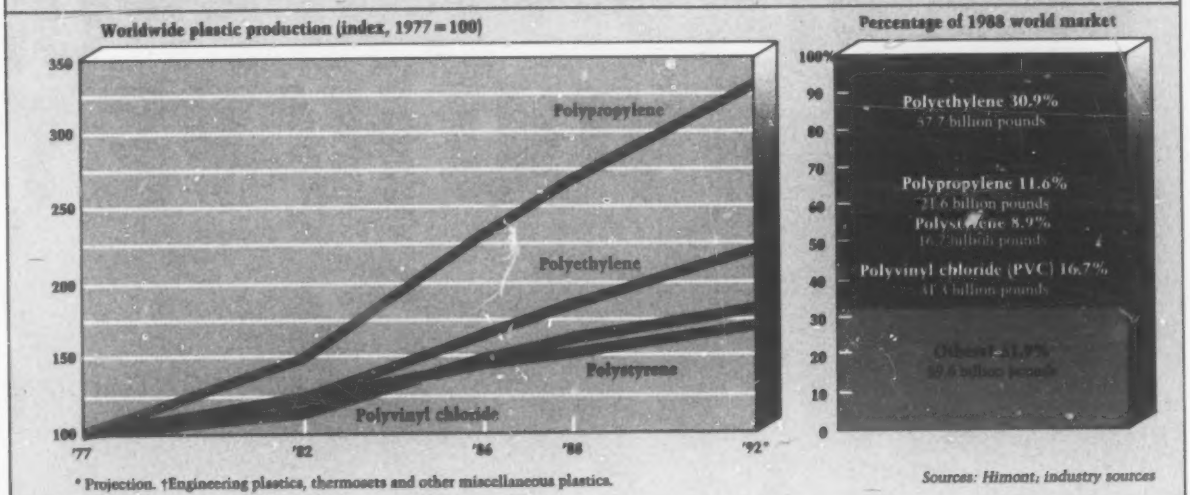


Himont Chairman Al Giacco
Make the versatile even more so, and charge a premium.

Andy Christie

The best of the polys

Polypropylene already accounts for nearly 12% of the world's total plastics market (right), but it is growing at an annual rate of more than 10%—twice as fast as any of the other major plastics (left).



* Projection. †Engineering plastics, thermosets and other miscellaneous plastics.

Sources: Himont; industry sources

median for specialty chemical companies last year. Himont's key product? Polypropylene, a plastic that virtually every industry analyst calls a commodity, and one in which Himont controls 20% of the world market.

Why has Himont chosen to concentrate on polypropylene, and how has the company made the bet pay off? The answer is simple: Polypropylene is the most versatile plastic known to man, available to manufacturers in hundreds of different grades and at prices that span the full range of the plastics market. It is used in everything from carpet fibers and car bumpers to disposable diapers.

By contrast, the other "polys" of the plastics world—polyethylene, polyvinyl chloride and polystyrene—tend to be more expensive to use but have many fewer uses. Thus polypropylene production, about 22 billion pounds last year, is growing at more than 10% annually, twice the growth rate of other plastics *(see chart)*.

Himont has capitalized on polypropylene's versatility by figuring out how to improve the commodity in ways that no one else can and then charging a premium for it—a rare trick indeed in the chemical or indeed any other business.

Himont is succeeding because its energetic 69-year-old chairman, Alexander Giacco, was determined from the outset that his firm would be a first-rate "materials company," not simply a maker of cheap plastics. Giacco, who as head of Hercules initiated the 1983 joint venture with Montedison that created Himont, theorized that customers would always pay a premium price for a better product. In Montedison Giacco saw a company with the technology to improve polypropylene, and in Hercules he had a company with the proven marketing expertise to promote the improved products effectively.

Montedison had always been a technologically strong company, and one of its scientists, Giulio Natta, in fact had won the Nobel Prize for the 1954 invention of polypropylene. In the mid-1970s the firm had also patented the Spheripol process of making polypropylene for up to 20% less per pound than any of its rivals could.

Giacco coveted Montedison's unexploited idea for making polypropylene for less. But its real advantage was in making an already versatile material even more versatile. Spheripol plastic can be stronger, less brittle and more flexible than plastic made with the conventional processes.

Since 1983, the silver-haired Giacco has turned this superpoly into more than 250 new products, plastics that go into everthing from tents and sewer pipes to see-through juice bottles and VCR tape boxes. When hospital supply firms wanted syringes that would not turn yellow or disintegrate after being sterilized with radiation, Himont came up with a plastic that could do the job. It now supplies over 80% of the plastic syringe market. Himont has even added an industrial design department to help customers use its plastics in everything from lawnmowers and camping vans to high-fashion shoe boxes.

Now Himont has begun licensing its Spheripol process to other polymakers like Hoechst and Aristech. Last year Himont earned an estimated $40 million aftertax, or 11% of the total corporate net income, from sales of such licenses and catalysts and royalty fees.

But isn't Himont selling the ideas that have made it rich? No way, insists Giacco, who points out that his company will soon be introducing an even newer production technology—its so-called Catalloy process—which he hopes will continue to keep it ahead of the pack.

Keeping a premium-priced edge in a world of commodity products takes plenty of capital spending and research, and Himont scrimps on neither. Since 1983 the company has spent $550 million in upgrading its facilities, and now it plans to spend an additional $1.6 billion by 1993—all of it from cash flow—on new advanced material plants, research laboratories and joint ventures around the globe.

Despite all this, Himont trades at 40¾ per share—just seven times estimated 1989 earnings—about the same as the ratios for many other chemical companies. Why not more? Wall Street fears that Himont's earnings could fall sharply if polypropylene prices drop. In reality, of course, if polypropylene prices do drop, Himont will be hurt the least of any company. That's the advantage of making better products for less. ■

Why do so many new stock issues perform so miserably? One reason is that Wall Street prices them too high too often.

But the client is delighted

Patrick McDonnell

By Richard L. Stern and Charles M. Bartlett Jr.

A TRUE TALE of Wall Street: When the very prominent head of a major investment banking house called a meeting of his New York brokers a few years back, the brokers figured he wanted to apologize. On the basis of rosy research reports from their own investment banking department and its corporate client, the brokers had put customers into a large new stock offering that collapsed within a week of issue because of sudden bad news from the company. Now the investors were screaming bloody murder.

Instead of apologizing to his brokers, however, their boss smiled and thanked them profusely for the fine job they had all done in placing the issue. "I want you to know," he said, "the client is delighted."

The moral of this story couldn't be plainer. Too often, when an underwriter brings a stock to the public, its chief concern is the company issuing it, not the small investor buying it.

Conflicting interests are in play when a new stock comes your way. The issuing company, of course, wants the highest price possible. The investor wants the possibility of a decent return. In between is the underwriter, which all too often cannot afford to be a truly disinterested middleman. If it doesn't price a new issue to the client's liking, the underwriter risks losing the offering to another firm that will. True, an investor burned once may not be keen to buy twice from an underwriter. But there are a lot more investors out there than companies issuing stock.

Our latest look at the performance of new stock issues, working with the unique database on new issues developed by FORBES in 1986, illustrates this bias clearly. We analyzed the relationship between the price/earnings ratio a new stock carried when issued and its subsequent performance. We had suspected that the higher the P/E, the more likely the stock was overpriced—that is, the worse it would perform over time. Suspicion confirmed. Confirmed, too, was the converse of that proposition: The lower the P/E at issue, the better the opportunity for investors to make money in a new stock.

We realize, of course, that a stock's trading multiple is only one gauge of its investment potential. An intelligent investor looks at a company's health in several different ways before buying its stock. At the same time, P/Es can be a valuable, quick shorthand. Consider the table *(p. 132)* that ranks investment banks according to the percentage of their new issues that outperformed the Standard & Poor's 500 stock index. The table shows that in almost every case, a firm's best-performing issues had lower average P/Es than the total universe of its new issues. (We considered only investment bankers that brought out ten issues or more.)

We studied new issues that came public between January 1982 and December 1987. We didn't use 1988 because we wanted new stocks that had seasoned a bit. And we also wanted to shun junk—patently high-risk offerings. So we tracked only those issues that raised at least $5 million and went public for at least $5 a share. We were able to track down P/Es for 1,236 such issues, slightly more than 70% of the total issued. We measure their performance against the S&P from the date each stock went public. As the table at left shows, 39% of the 447

Price and performance

All new stock issues between 1982 and 1987, priced at $5 or more, were ranked by price/earnings multiple. Note that the group issued at a multiple of 15 or below showed the biggest gain in market value.

P/E range	Number of issues	Average market value	Issues that outperformed S&P 500 number	Issues that outperformed S&P 500 % of total
15.00 or less	447	+41.7%	175	39%
15.01 to 30.00	340	+16.1	98	29
30.01 to 250.00	212	–0.7	35	17
neg or › 250.00*	237	–18.8	52	22

*Negative means the company was losing money when it was brought public.

Top ten investment banks

The firms that put out at least ten new issues between 1982 and 1987 were ranked according to how well their issues did relative to the S&P 500 in that period. Note that the best-performing new stocks had lower price/earnings multiples as a group than the total number issued as a group.

Underwriter	Total number of issues	Average P/E*	Issues that outperformed the S&P 500: % of number	Issues that outperformed the S&P 500: total number	Issues that outperformed the S&P 500: average P/E	Issues with P/Es under 0 or > 250: total	Issues with P/Es under 0 or > 250: % outper S&P 500
1 First Albany	10	13	70%	7	11	1	0%
2 Morgan Stanley	54	36	46	25	28	6	33
3 Thomson McKinnon	13	17	46	6	8	1	100
4 William Blair	35	16	46	16	12	1	0
5 Butcher & Singer	13	14	46	6	13	1	100
6 First Boston	53	27	45	24	26	5	20
7 JC Bradford	16	22	44	7	22	4	0
8 Goldman, Sachs	74	24	43	32	15	5	0
9 Blunt Ellis & Loewi	19	15	42	8	14	1	100
10 Janney Montgomery	10	12	40	4	13	0	0

Worst six investment banks

1 DH Blair	13	13	8%	1	none	8	13%
2 Rotan Mosle[1]	11	24	9	1	37	3	0
3 Rooney, Pace[2]	12	26	17	2	14	3	0
4 Bateman Eichler	11	14	18	2	3	2	0
5 Hambrecht & Quist	72	44	18	13	17	13	8
6 Eppler Guerin	11	38	18	2	111	2	0

*Includes P/Es for 1,236 companies, or 71% of those brought public. [1]Division of PaineWebber [2]Filed for Chapter 11.

Sources: Security Data Co; Wilshire Associates; Forbes

issues that had P/E ratios no higher than 15—that is, the most reasonably priced ones—outperformed the S&P 500.

Price/earnings ratios also provided the key to understanding which underwriting firms provided the best merchandise from an investor's point of view. Albany-based First Albany Corp. had the best new-issue record, and one of the lowest average P/Es *(see box)*. Seven of the ten issues it brought out in the period performed at least as well as the S&P, and their average P/E was 11.

Number-two-placed Morgan Stanley would at first glance seem to be an exception to the rule about performance and lower P/Es. But it isn't. Its 54 issues had a P/E of about 36. The 25 issues that outperformed the S&P had an average P/E of 28—still pretty high. But, in fact, if you pulled out of Morgan Stanley's 25 winners 2 stocks that distorted the average because of their extremely high P/Es, Silicon Graphics and Tri-Star Pictures, the remaining 23 stocks would have an average P/E of 16.

San Francisco-based Hambrecht & Quist, known for high-tech issues, supports our case on the downside. It ranked 53rd among our 57 investment banks. Its new issues had an average P/E of 44. But its 13 best performers had an average P/E of 17. Of the 13 issues it brought public with a P/E of 250 or more or with no earnings at all, there was only 1 winner.

The worst-performing firm? New York City-based D.H. Blair, known for risky issues. Only 1 of its 13 issues beat the S&P. D.H. Blair's record also illustrates the risks of buying new issues in companies that are losing money. In all, 7 issues it brought public with negative earnings did worse than the S&P. But none of the issues brought public with positive earnings outperformed the market. Conclusion: Know your broker's record.

Another conclusion: When the stock market is roaring, investors appear more willing to take whatever Wall Street is serving up. According to our database, in years like 1983, when the public appetite was strong for new issues, the S&P's average P/E was 12.5, but the average new-issue multiple was 32. In 1985, as investors' appetites for new issues declined, the average new-issue P/E fell to 20 (versus 12.5 again for the S&P).

"When the ducks quack, feed them" is one of Wall Street's more cynical clichés, used to explain why it keeps offering so much overpriced merchandise. Small wonder, then, if the ducks disappear when the market is feeding on them. ■

"We figure out what makes sense"

"You make your reputation by the deals you don't do." That's George McNamee talking, the 42-year-old chairman and president of First Albany Corp., based in New York's state capital. As the table above shows, First Albany is the top-performing underwriter in Forbes' latest study of the new-issue market. This time we ranked investment bankers that brought out ten new issues or more, priced at $5 or more, between 1982 and 1987. An impressive 70% of the ten new issues First Albany brought to market in that period did better than the Standard & Poor's 500. As of Jan. 13, nine of ten were selling for more than their offering price.

First Albany had only one real clunker, Westerbeke, an Avon, Mass.-based manufacturer of marine engines, off nearly 80% from its August 1986 offering price. Major parts of its engines come from the Far East, so it has suffered from the rising yen, says McNamee.

First Albany's biggest winner is Raymond Engineering, a maker of such military equipment as computer-based weapons systems controllers, which went public in 1982 at 10½ (adjusted for splits) and was acquired by Kaman Corp. in 1986 at $30 a share.

With 28 offices in New York, Massachusetts, New Hampshire, Vermont and Connecticut, First Albany concentrates on new issues from its own region. "We turn away a lot of deals, and some of them turn up at other firms," says McNamee.

McNamee stays away from issues in which owners or venture capitalists are using the public markets to cash out by selling a lot of their own stock. First Albany, he says, prefers "corporate clients [who] want to be there for 10 and 20 years."—R.L.S.

Science & Technology

Edited by Gary Slutsker

In utility economics, the supply side is the hard side. New generating plants cost a fortune. So it makes sense to invest money in the customer instead.

Demand-side economics

By Paul Klebnikov

WHEN United Technologies' Carrier division starts selling its Hydrotech 2000 electric heat pump in May, it will get a boost from an unexpected quarter—namely, electric utilities. To inspire people to install the $7,000 device, utilities like Georgia Power will promote the heat pump with low-interest loans, subsidies to dealers and rebates to customers. What's special about Carrier's heat pump is that it is 30% more efficient than conventional systems.

At first blush, the heat pump offer makes as much sense as a dog food manufacturer paying you to trade in your Doberman for a Chihuahua. But these days the electric power industry is in a nasty bind. Hard on the heels of the oil price shocks of the 1970s and the demise of nuclear power comes a fresh energy crisis. Economic growth has spurred electricity demand by better than 4.4% in each of the last two years, almost double the expected rate. But new power plants cost a fortune. Midwestern utilities, moreover, face the threat of acid rain legislation that could force them either to close older coal-fired generators or to retrofit them with emission controls costing up to $500 million per plant.

To meet new demand—even without an acid rain law—utilities will have to add as much as 73 gigawatts of capacity over the next eight years. A gigawatt, or 1 billion watts, is the power of a large coal-fired plant, or a very large nuclear one. It's enough to serve a city of about 400,000. But nobody wants to see more power plants, least of all the utilities themselves. A 1-gigawatt coal plant costs $1.5 billion to build, including currently required emission controls.

Robert Reichert

Carrier engineer checking heat pump
Squeezing more heat from the air.

Thus, the utilities are beginning to understand the subtle economics of a new science known as demand-side management. To compete better against natural gas and to conserve electricity where the supply is getting short, utilities are promoting a range of new efficiency technologies—from heat pumps to computerized supermarket refrigerators and even subterranean tanks that store heat created with cheap power in the wee hours.

The savings in view could be enormous. The Electric Power Research Institute, the industry's research and development consortium, figures such efficiencies have, since 1977, already obviated the need for 21 gigawatts of new generating capacity. The institute estimates that demand-side management programs could eliminate the need for another 24 gigawatts of capacity by the year 2000.

The number of these so-called demand-side management programs has already risen dramatically, from 134 in 1977 to 1,300 today. Progressive utilities such as Pacific Gas & Electric were active ten years ago. Today demand-side management is practiced from Florida to Maine to Oregon. These programs currently cost U.S. utilities over $1 billion a year, and the pace is quickening. Meanwhile, the Electric Power Research Institute will spend $41 million on end-use research this year, more than triple the amount spent six years ago.

Virtually no user of electricity is exempt from savings. The new technologies improve:

Heat pumps. Faced in the early 1980s with competition from high-efficiency gas furnaces, EPRI commissioned an advanced heat pump that combined the functions of the two biggest consumers of household electricity—heating and air conditioning—along with heating water. Carrier Corp. spent six years in the lab on the project and is launching the Hydrotech 2000 in May. The heat pump uses computers to control fans and a variable-speed compressor to cool a building in summer and heat it in winter, while diverting excess heat to a hot-water heater.

Conventional heat pumps are already a 900,000-unit-per-year business. A heat pump is a marvelous device that can turn 1 kilowatt-hour of electricity into 2 or even 3 kilowatt-hours of heat. That may seem to contradict the laws of physics, but it really doesn't: The electricity the customer is paying for is being used, not to create heat from scratch, but to capture the heat already present in outside air. If the air is at 40 degrees, it contains a lot of heat and needs only a little work to produce warmth inside the house.

After-hours storage. Thermal storage, the principle behind bed warmers, is coming of age. The research institute's new storage furnace is up to 40% cheaper than recent European technology because it uses ordinary basalt gravel as the storage medium instead of expensive ceramic brick. Cheap nighttime electricity fires an electric furnace, while a fan draws the hot air into the gravel; during the day, the fan reverses itself and blows the

heat out into the house. To encourage off-peak energy use, which smooths out high daytime peak loads, New York State Electric & Gas and Minnesota-based United Power Association are selling half-price electricity and even giving up to $1,200 rebates to buyers of a $3,500 EPRI-licensed thermal storage system made by CaliDyne Corp., a venture of FluiDyne, a small builder of aerospace wind tunnels based in Elk River, Minn.

The same technology can air-condition buildings in a warm climate by cooling water or making ice. Water is chilled at night and then circulated during the day for cooling. In the past few years more than 1,000 such systems have been installed. Utilities love off-peak cooling. The Dallas Power & Light Co., for instance, helped develop such a system for Dallas' tallest building, the 72-story InterFirst Plaza. A 2-million-gallon cool-water storage tank sits beneath the building's parking lot and saves $150,000 a year in electric bills.

Supermarket refrigerators. The refrigeration systems of the nation's 35,000 supermarkets account for an eye-popping 2% of total U.S. electricity use. Over the last few years EPRI has been pushing a system in which computers control multiple compressors of different sizes to match the cooling requirements of the moment much more precisely than single-unit compressors. In field tests in a Safeway store in Menlo Park, Calif., the system cut the electricity used for refrigeration by 23%. Since electricity expense for the average supermarket is almost as much as its pretax net, this idea is getting serious attention. Hence, 55% of the refrigerator sales by market leader Hussmann Corp. now consist of such systems.

Commercial lighting. Lighting accounts for a quarter of the nation's consumption of electricity. Improvements in fluorescent lighting are already making themselves felt. Electronic ballasts, which start up and control fluorescent light bulbs, are at least twice as expensive as the magnetic ballasts they replace. But fixtures using them consume 25% less energy to produce the same light. Electronic ballasts also eliminate that annoying flickering. The new lights, developed with help from the Lawrence Berkeley Laboratory in California, now account for under 10% of the $450 million fluorescent market.

There have been a few pioneering efforts to make better use of sunlight in commercial and industrial buildings. One oft-cited example of so-called daylighting is the passenger terminal in the Albany (N.Y.) County Airport, which has cut an estimated 40% of its lighting and 20% of its heating costs by installing a glass roof and using a computer to dim the lights whenever possible.

Low-emissivity windows. Since these windows were introduced commercially six years ago, they are now sold by virtually every major window manufacturer from Anderson to Rolscreen/Pella, and have gained 10% of the $7 billion residential market. Emissivity describes how a warm surface discards heat by emitting infrared rays. Low-e windows, which are coated with a virtually transparent film that cuts down on infrared emissions, typically cut heat loss at least 25% over conventional double-glazed windows. At Lawrence Berkeley Laboratory, engineers in the buildings science division are field-testing a gas-filled, plastic-coated "super window" that raises the intriguing prospect of letting through less heat than the average insulated wall.

Factory machines. Although adjustable-speed drives and better motors have made factory floors more energy efficient in recent years, further gains could account for at least 2 gigawatts of savings by the year 2000.

How do you motivate atavistic utilities to spend more on demand-side management? Change the rate structure, which in most states discourages investments in end-use programs and encourages bulk use of electricity. Sign of the times: One suggestion by regulators at last September's convention of state utility commissions was to reward utilities that lowered the average bill through investment in greater efficiency.

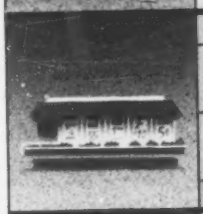
Traditional-minded utility managers are skeptical. "The success of demand-side management is in the eye of the beholder," says Raymond Maliszewski, vice president at American Electric Power. "You build a generating plant, and you can see what you have constructed, you can turn it on and measure what comes out of it. With demand-side management there's more uncertainty."

But power plant construction is an uncertain business, too. Look no further than those costly nuclear plants that the governors of New York and Massachusetts have decided to leave idle. Under the circumstances, demand-side management makes sense.

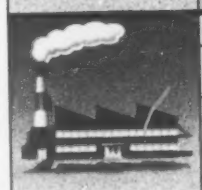
Less is more

There's a lot of potential energy in conservation. Implementing just a fourth of what's here would spare the output of 51 new nuclear plants.

End-use	% total electricity*	Technology	Efficiency gain
Residential			
space heating and air-conditioning	11%	advanced heat pump heat storage furnace low-e windows	30% 50 33
water heating	6	advanced heat pump	30



Commercial			
space heating and air-conditioning	13	cool storage systems heat storage furnace	50 50
lighting	9	daylighting electronic ballasts for fluorescent lights	25–40 33
refrigeration	4	multiplex systems	30



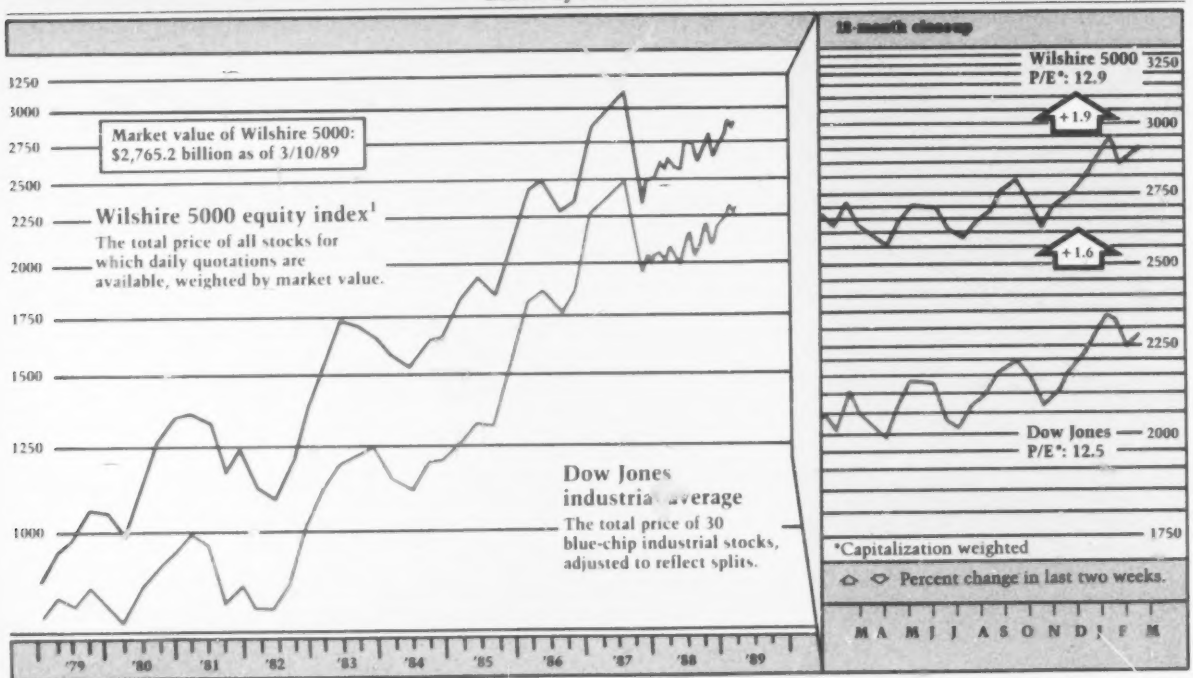
Industrial			
motor drive	25	high-efficiency motors adjustable-speed drives	15–21
lighting and miscellaneous	3	electronic ballasts for fluorescent lights	25

*1984 figures.
Sources: Electric Power Research Institute; Brookhaven National Laboratory; Lawrence Berkeley Laboratory.

Illustrations by Gerry Mooney

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Could it be this good? In most markets, climbing stock prices mean higher P/E ratios. But thanks to strong earnings, the equal-weighted Dow P/E has dropped from 14.7 to 12.6 in the last 52 weeks, even as the Dow average was posting a 12.1% gain. Dow profits are expected to rise again this year. According to consensus forecasts provided by the Institutional Brokers Estimate System, the Dow industrials are expected to earn a divisor-adjusted $243 in 1989. This means that if the Dow retains its present P/E of 12.6 and the estimates are on the mark, the Dow will be priced at 3062. What could get in the way of this pleasant prospect? The Dow earnings forecast may turn out to be too optimistic, or Wall Street could put a lower valuation on the Dow.

For the two-week period ending Mar. 10, stocks posted solid gains. The Amex, with a 2.3% gain, was the best-performing exchange. The overall market, as measured by the Wilshire index, was up 1.9%

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	0.6	0.3	–0.2	0.5	1.9	0.9
in last 52 weeks	10.3	10.9	12.1	10.3	11.1	8.1

Stock performance based on six key investor yardsticks[3]

Percent change	Company size		Volatility[4]		P/E multiple		Dividend yield		Growth profile[5]		Share price	
	large	small	high	low	over 21	under 8	over 4.5%	none	high	low	over $34	under $4
in last 4 weeks	0.5	3.1	2.9	0.6	2.1	1.6	0.1	2.6	3.0	1.3	1.1	2.7
in last 52 weeks	12.3	13.2	10.0	5.5	23.2	11.0	0.9	14.1	8.7	10.1	17.5	–2.1

[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. [2]Based on sales. [3]Equal weighted indices containing all shares with market capitalizations over $10 million. [4]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable. [5]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

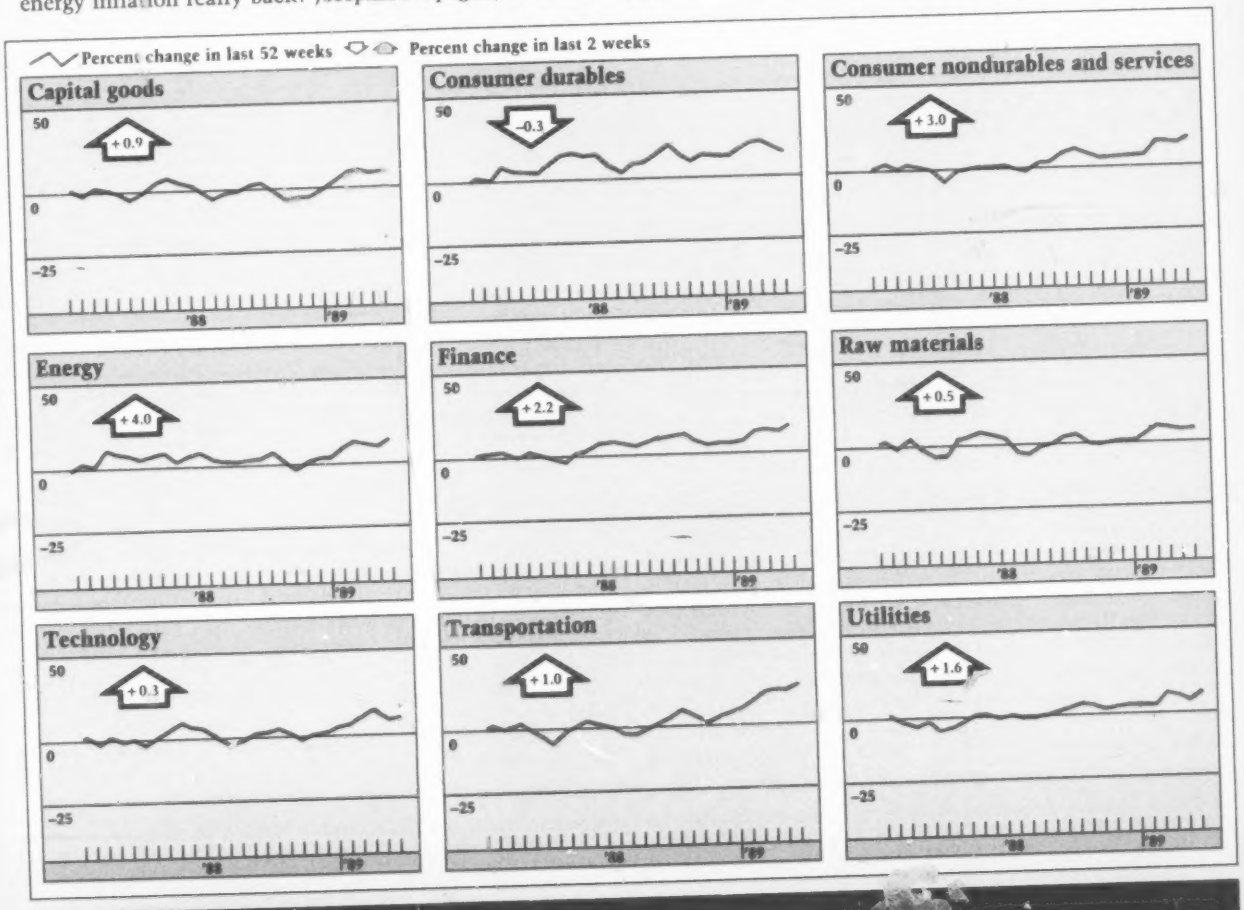
Note: All data for periods ending 3/10/89. Prepared by Wilshire Associates, Santa Monica, Calif.

Steven Ramos

Where the Action Is

Wall Street strikes oil. Energy stocks shot up 4% in the last two weeks amid rising oil prices, expectations of higher inflation and estimates of growing energy consumption. The best gains in the group were posted by the energy service stocks. NL Industries, Helmerich & Payne, Baker Hughes and Odeco posted better than 10% gains. Is energy inflation really back? Joseph Battipaglia, who follows energy stocks for Gruntal & Co. in New York City, recommends a cautious approach. "The move in these stocks is premature and I expect them to pull back," Battipaglia says.

While energy was a clear performance leader, seven other Wilshire sectors also posted gains. Consumer durables was the only sector to decline.



What the Analysts Think

Markup in consumer durables. Security analysts raised their 1989 earnings estimates for consumer durables stocks by 1.4%. Japanese stocks showed the greatest upward revisions. Estimates for Sony, NEC and Matsushita all rose by more than 6%. The 1989 forecast for camera and office machinery maker Canon was raised 19.7%.

Forecasting the Forbes Sales 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.40	11.9
1989 estimates	3.95	10.2
1990 estimates	4.44	9.3

Rank based on change in estimate	Sector	Estimated 1989 EPS	Estimated 1989 P/E	% change in 1989 estimate in 2 weeks	% change in 1989 estimate in 4 weeks
1	Consumer durables	$5.08	10.2	1.41%	1.61%
2	Energy	3.10	12.1	0.75	0.8o
3	Raw materials	3.51	9.1	0.58	1.07
4	Finance	3.76	8.0	-0.05	0.12
5	Consumer nondurables	2.72	13.1	-0.10	-0.17
6	Utilities	3.08	10.1	-0.12	-0.27
7	Capital goods	3.00	12.6	-0.14	-0.34
8	Transportation	2.82	10.5	-0.39	-0.59
9	Technology	3.19	11.0	-0.84	-1.32

Earnings projections are capitalization-weighted consensus estimates from over 3,000 security analysts. Data are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 3/10/89. Prepared by Wilshire Associates, Santa Monica, Calif., IBES, a service of Lynch, Jones & Ryan, New York.

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NEW COMPUTER STOCKS— THE PICK OF THE LITTER

UP & COMERS—THE MAN BEHIND "PATAGONIA"

APRIL 17, 1989

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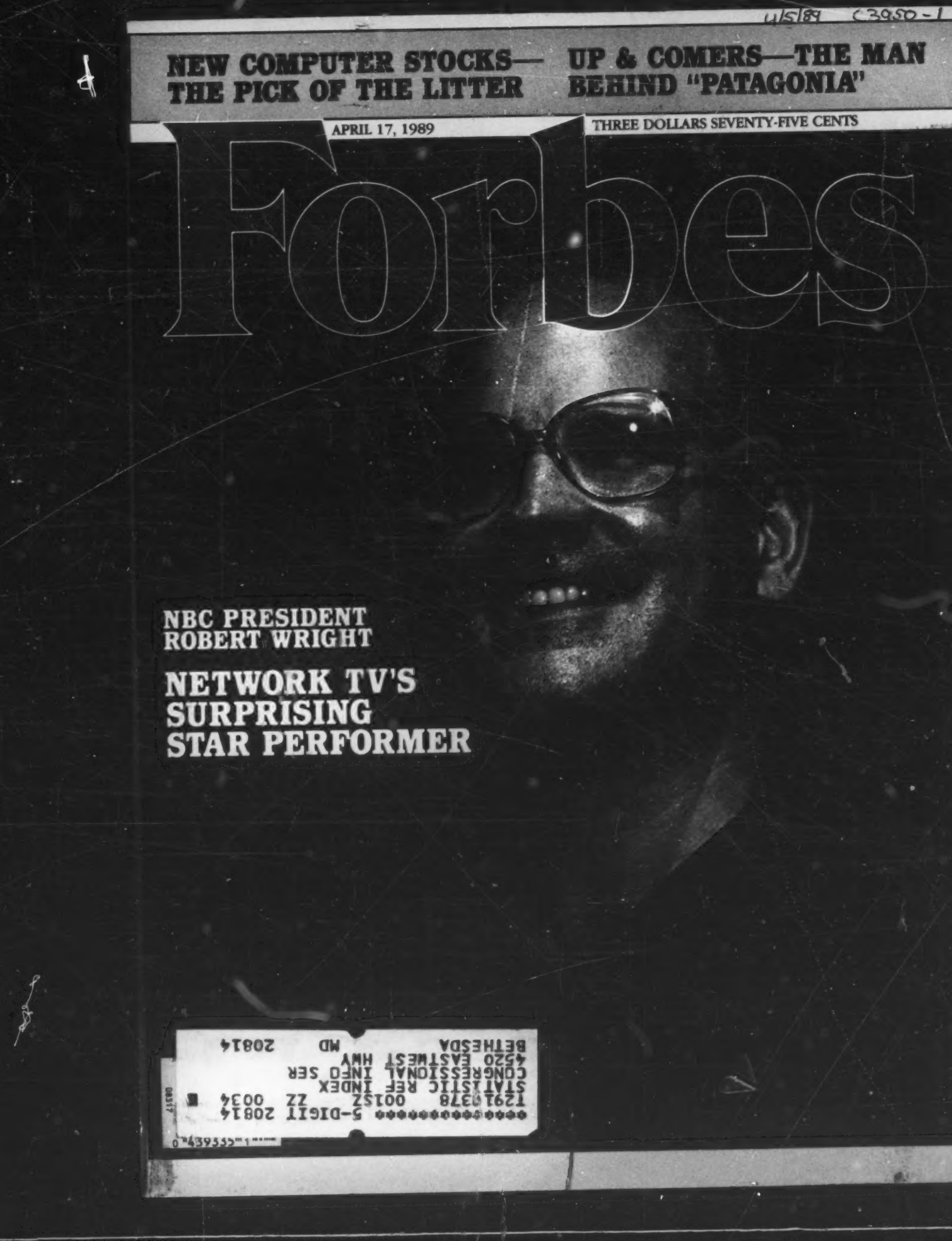
Forbes



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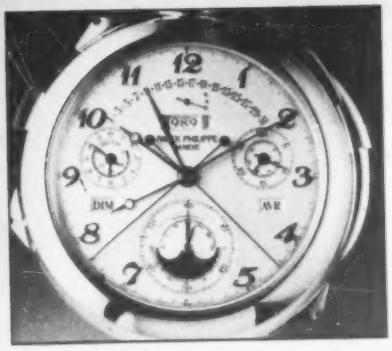

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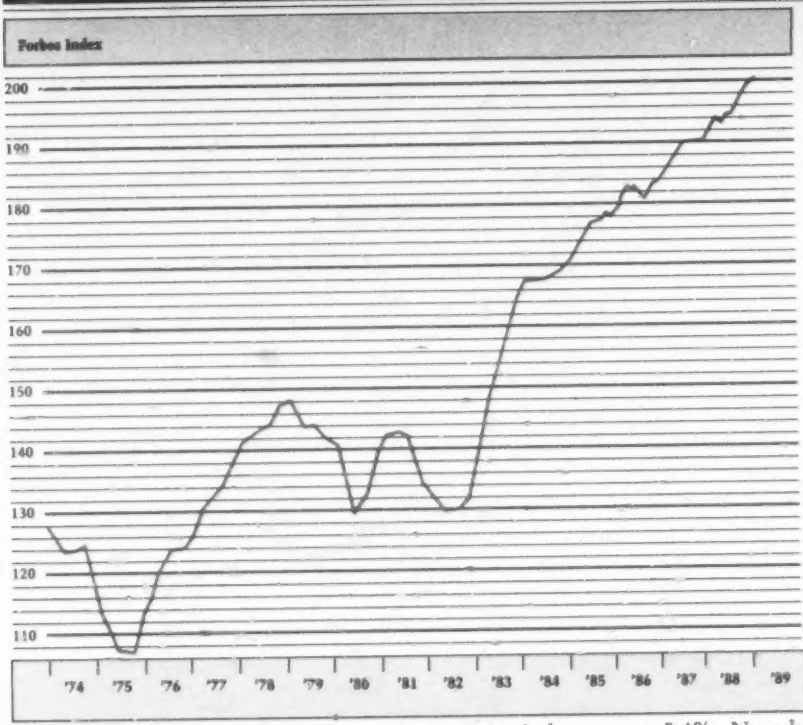
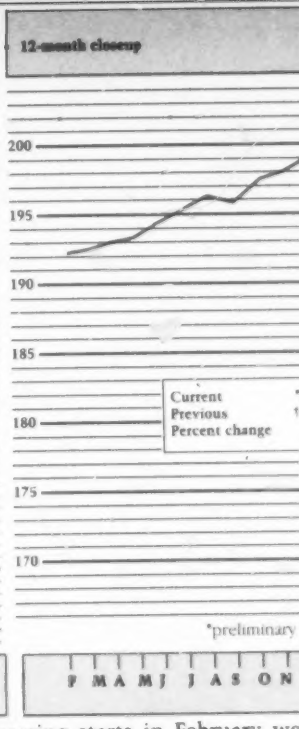
The Forbes Index





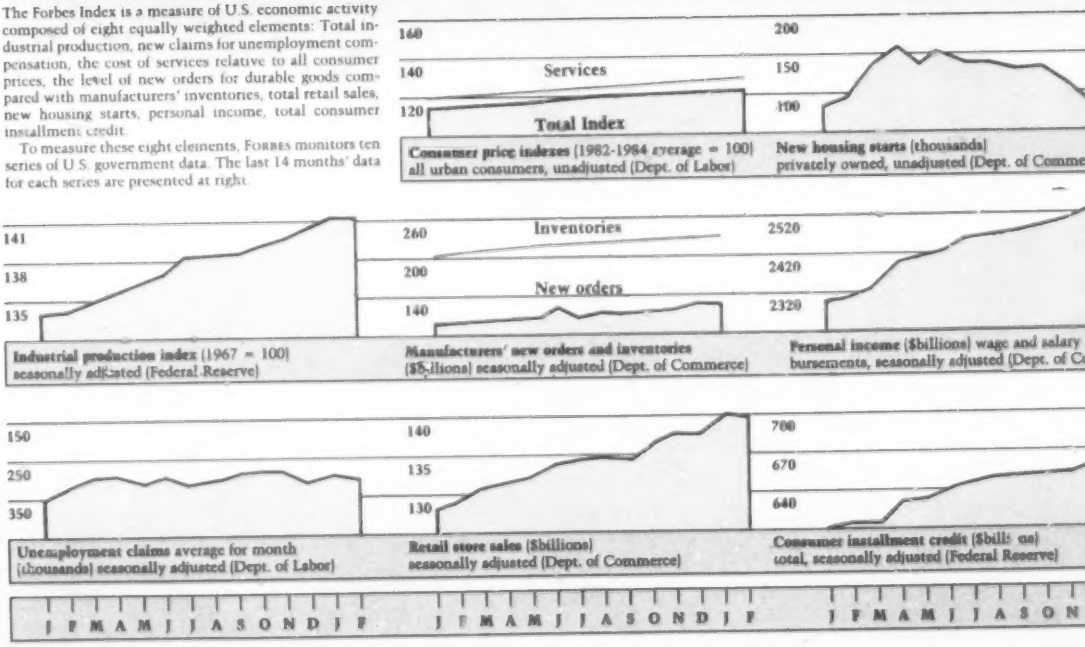
Economic signals turn yellow. The Consumer Price Index, up 0.5% in January, edged up 0.4% in February. But the wholesale price index jumped an alarming 1% in both months. Short-term interest rates are now at their highest level in four years. The unemployment rate dropped 0.3% in February, but initial claims for unemployment benefits rose 5.4%. New housing starts in February we lower than they were a year ago.

The final figure for last year's gross national pr $4,033 billion in 1982 dollars. In the fourth qu 1988 the gross national product expanded at ar rate of 2.4%, against 6.1% in the fourth quarter

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



"hollowing out" scenario that ends with cheap Third World textiles and other manufactured goods swamping an impotent U.S. industry.

Even the company's video presentation parodies the textile pessimists. The camera opens with a shot of a coffin labeled "American Textiles," and follows a hearse around the cemetery—the announced demise of the industry, the film is saying, is greatly exaggerated.

"We Americans don't recognize that we are very highly competitive manufacturers," says Rainsford, "and our textile industry is one of the most modern industries in America."

As Delta Woodside grew, Rainsford and Maddrey invested in upgrading old equipment and buying new machines. It also vertically integrated, adding several yarn and combing plants to reduce its dependence on outside suppliers and to make itself more immune to cycles.

But the partners did not add corporate bureaucrats. Besides Maddrey and Rainsford, Delta Woodside has one other corporate executive, plus a few administrators and a treasurer. When a vice president left last year, he was not replaced. His duties were farmed out among the other officers.

This devotion to a few hands at the top has a corollary—maximum autonomy for division heads and plant managers. "I don't know what price they're selling at and who they're selling to today," says Maddrey, "but we know whether they are selling enough goods to meet the plan."

In the stock market, Delta Woodside has been something of a disappointment. The company now has solid earnings and a reasonable long-term debt-to-equity ratio of 43%. But after going public at $14, the shares now trade at 12¼ on the New York Stock Exchange—just 8 times trailing earnings. The median multiple for textile companies is 12. The company's thin float probably hurts: Maddrey and Rainsford own 20% of the 18.6 million shares each, making each of them worth about $45 million. Another company, RSI Corp., which sells office supplies and outdoor equipment and is controlled by Buck Mickel, owns another 40%. RSI's own shares trade over-the-counter at 10½, around 16 times earnings, giving investors another way to buy Delta Woodside's stock. Last month Delta Woodside and RSI announced plans to merge into a single public company later this year.

Inevitably, Rainsford and Maddrey have become victims of their own success. By showing how profitable well-managed U.S. textile assets can be, they have raised the prices others are willing to pay for them. Last year, as Burlington Industries and J.P. Stevens were sold off in bits and pieces, Delta Woodside didn't even nibble because of the high prices. So a piece they particularly wanted, Burlington's European operations, got away.

Unwilling to pay what they consider to be uneconomic prices, Rainsford and Maddrey say they will expand from within. They're thinking of increasing the size of their small sewing plant in Costa Rica, and of selling specialty fabrics to Europe.

"Our biggest challenge is making sure that we keep our patience," says Maddrey. "Some of these businesses are being sold at too high a price, and we think that's going to come back to haunt them. That may also open opportunities for us." Going against the grain built this company, Maddrey is saying, and avoiding fads will keep it growing. ■

Want to buy a large international bank for book value or less? Check out Israel's big banks. They may soon be on the block.

"If I were a rich man . . ."

By Matthew Schifrin

AT THE RIGHT PRICE, these will be a great buy. They have lots of assets and enormous earnings potential." The speaker is Shimon Topor, a partner at the New York-based investment firm Steinhardt Partners. Steinhardt is one of several sophisticated investment firms that are lining up for an opportunity most investors are yet to hear of: the coming fire sale of Israel's largest banking institutions.

Brian Hendler/Picture Group

Bank Hapoalim's main branch in Jerusalem
Beneath heavy loan losses, an investment opportunity?

Come and get 'em

The Israeli government wants to sell $77 billion in bank assets. Large loan losses will hurt 1989's results. But under the layer of bad debts lie some interesting investment opportunities.

Bank	Assets ($bil)	Book value ($mil)	Controlling group	Controlling group's % equity	% voting rights
Bank Hapoalim	$30.6	$967	Histadrut	0.1%	50%
Bank Leumi	24.4	1,079	World Zionist Organization	2.0	75
IDB Bankholding	14.0	539	Recanati family	10.0	30
United Mizrahi Bank	6.6	224	World Mizrahi Organization	0.003	50
Union Bank of Israel	1.5	70	Bank Leumi	42.0	75

Sources: MI Holdings, Israel; banks. Israeli Banking Today, *published by Jerusalem Post.*

Big U.S. investors may soon be invited to take a look at some of Israel's best-known banks because few plausible buyers exist in Israel itself. Preparation for the auction is strong evidence that the Israeli government will soon begin to do what it has long talked about—get more major businesses into private hands.

The government plans to do that, over the next five years, by privatizing some 30 state-owned enterprises. Included in the offerings will be major banks. The proceeds will be used to reduce domestic debt.

How did the Israeli banks wind up in government hands in the first place? The story begins in October of 1983, when a scandalous bank-orchestrated runup in banking shares collapsed, leaving speculators with shattering losses.

To avert financial disaster following the collapse, the government promised to bail out shareholders by redeeming their shares at superinflated, precrash levels—well over two times book value. Redemption of the shares would take place by the issuance of some $7 billion in government-guaranteed notes. The government would then give the founders of the banks—entities like the Histadrut labor union, which controls Bank Hapoalim—until 1993 to buy the shares back, but only at the precrash prices the government had paid.

Since the shares were never worth anything near that, the founders have made it known to the authorities that they have absolutely no intention of buying them back at those highly inflated levels. So the government is preparing to auction them off.

The politically powerful Histadrut and other founders much prefer the status quo, of course. They are counting on the fact that at present the stocks would seem to have limited investment appeal. That's because, ironically, actual voting control of the banks still resides with none other than their founders.

This bizarre situation traces back to the banks' origins but was aggravated in the precrash bubble, when the banks floated enormous amounts of nonvoting equity shares—the same shares the government now owns—to cash in on fast-rising stock prices. Result: Original owner Histadrut today holds only 0.1% of Bank Hapoalim's equity but still controls 50% of the bank's voting shares *(see table)*.

But chances are slim that the government will abide the status quo. Bills now moving through the Knesset could equalize the inequities by simply requiring that all banking shares get one vote. This would effectively strip the founders of their control. The betting in Israel is that legislation along these lines is inevitable.

Once the banks do go on the auction block, perhaps before the end of this year, investors will be presented with some interesting opportunities.

On the surface the banks appear deeply troubled because of mounting loan losses connected to deep-rooted problems in the Israeli economy. Losses in the agricultural and manufacturing sectors alone are expected to cost Bank Hapoalim at least $500 million in writedowns this year. Says Amir Barnea, an Israeli banking expert at the University of Wisconsin, "The Israeli banks are in a situation similar to the U.S. money center banks in 1986, when they took large writedowns for Third World debt."

But beneath the layer of bad debts, for which reserves are being aggressively built, Israeli banks' profitability has been improving since 1986. In 1987 the major Israeli banks had inflation-adjusted returns on equity of around 10.5%, compared with 8.3% for U.S. banks on average. In 1988 Israeli banks should do much worse because of large loan losses.

The banks have benefited from strong government measures that have kept inflation below 20% since late 1985. This relative stability, plus a reasonably healthy economy, has caused booming demand for shekel-denominated deposits and loans. That, coupled with a cut in bank taxes, has produced loan profit margins of 12% annually for the banks.

Another plus for potential investors is the huge number of bank subsidiaries that span the whole of the Israeli economy. Thus, an investment in Bank Hapoalim or in IDB Bankholding Corp. is an investment in Clal (Israel) Ltd., one of the country's largest and most profitable entities, with interests ranging from insurance and brokerage services to textiles.

Separately, Hapoalim owns Ampal-American, an Amex-listed company with interests in Israeli hotels and other real estate. IDB, too, has U.S. investments, including an 82% stake in Israel Discount Bank of New York, a $4 billion (assets) New York commercial bank. For non-U.S. investors, control of these Israeli banks could thus mean easier access to U.S. markets, considering Israel's free trade agreement with the U.S. Says Leonard Shaykin, New York financier and owner of the *Chicago Sun Times*, "At the right price and under the right management, these banks are very interesting opportunities."

What price is right? In preparation for an auction, five Israeli investment firms, two aided by First Boston and Merrill Lynch, have been retained by the Israeli government to figure it out. Unlike U.S. bank financial statements, Israeli financial statements are all adjusted for inflation, so all other things being equal, profitability and book value figures could be understated relative to those of U.S. banks. Anyone thinking about a bid, of course, will be doing his own digging. The Finance Ministry has been fielding queries since late 1988.

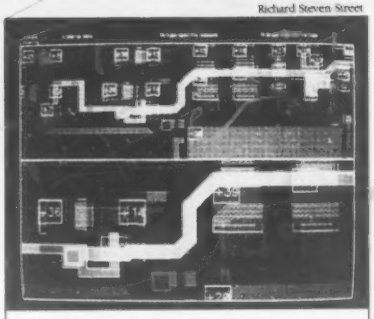
The first Israeli bank to be auctioned off will likely be $1.5 billion Union Bank of Israel, 42% owned (but 75% controlled) by Bank Leumi. Union has a book value of around $70 million. Because of its position as a leading diamond industry lender, it had an estimated 20% inflation-adjusted return on equity in 1988. Australian textile magnates Joseph Brender and Samuel Moss reportedly have already contacted the government to buy Union. Others are likely to follow. ■

ware. Mentor went a different route (FORBES, *May 16, 1988*). It wrote proprietary software but bought off-the-shelf computers from Apollo Computer rather than develop its own. Mentor prospered. Valid and Daisy almost went out of business before they, too, switched to standard hardware.

Costello says the industry is about to change again, to one in which the user selects hardware pretty much independently of the software. Sun makes a hot box today. Tomorrow? The buyer doesn't want to be locked in.

Cadence's software is now available for use on workstations from Sun, Apollo and Digital Equipment. Versions for Hewlett-Packard, Sony and NEC machines will be available over the next year. Costello says his programmers can turn out a version for a new computer in three months, as long as the new computer uses a standard version of Unix, an operating system that facilitates portability.

Richard Steven Street



Verification of a chip design
Software to say, "Does it work?"

Cadence emerged as a serious competitor only last year, via the merger of publicly traded ECAD, Inc. and private SDA Systems, Inc. The stock market crash of 1987 got the ball rolling, by killing a planned public offering of SDA stock. Costello, who got a masters in physics from Yale and later was an R&D manager at National Semiconductor, was president of SDA Systems at the time. The founders of the two constituent companies remain at Cadence as cochairmen, but they let Costello run the business.

In a world still populated by what Costello calls dinosaurs, it's perhaps better to be a large mammal than a small one. Cadence recently paid $15 million or so of its stock to get Tangent Systems, another chip design software outfit, from Intergraph. In addition, Cadence raised $1.6 million in a public offering at 7⅞. The offering price increased the company's public float, since prior to the offering there were several large holders, including Harris Corp. with over 10%. Cadence started the year with $37 million in cash that will help it branch into systems design—that is, the overall architecture of, say, a computer or a telecommunications product. Currently Cadence's products are used exclusively in designing the chips that will be used within a system.

The company, however, is plenty glamorous on Wall Street, where at a recent 14 its stock goes for 24 times 1988 earnings and 14 times estimates for 1989. ■

If the market continues to sputter, 1989 will probably be a lousy year for underwriters of technology stocks but potentially a great year for buyers.

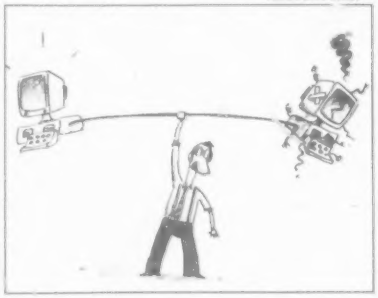
Computer stocks vintage 1989

By Richard A. Shaffer

INVESTING IN initial public offerings—especially the initial public offerings of technology companies—can be a frustrating and profitless experience for the unwary.

If you had put $1,000 in every computer-related IPO coming to market between Jan. 1, 1983 and Dec. 31, 1988, you would have invested $279,000. Your investment would be worth $295,000 today. Had you invested on the same dates in the S&P 500, you'd have $423,000 now (not counting dividends in either case). A sorry performance indeed, particularly considering the high risk and low dividends of new stock offerings. Three in four of the computer-related IPOs did worse than the S&P average.

Patrick McDonnell



This study, extracted from the FORBES database of 5,000 IPOs, covers only those offerings priced at $5 or higher and raising $5 million or more. Including the smaller stocks would have made the IPO numbers worse, since penny stocks account for a disproportionate share of the price manipulation and fraud and bankruptcy on Wall Street.

One big reason investors do poorly buying new issues is a matter of timing. New offerings tend to arrive at the peak of a market. The technology sector, for example, did spectacularly well in the first 12 months of the 1982-87 bull market. Into that frothy market came dozens of overpriced new stocks and thousands of naive investors trying to catch yesterday's success story. Under the circumstances, losses were inevitable.

There was wide variation in the results, however, so the astute or lucky investor could have done well. In 1983, the last big year for high-technology IPOs, the range in quality of the companies coming to market was considerable. On the plus side, there were Compaq, Lotus Development, Ashton-Tate and Stratus Computer. In the crash and burn column, there were SEEQ Technology, Automatix, TeleVideo Systems and Kaypro. And in between, a host of mediocrities.

Does all this mean the investor should refuse to touch new offerings?

Richard A. Shaffer is founder of Technologic Partners, a technology consulting company in New York City, and publisher of Technologic Computer Letter.

Winners

These firms turned in the best performances among 279 computer-related initial public offerings since January of 1983. They were truly exceptional: The group as a whole fared very poorly.

Company/business	Offer date	Offer price[1]	Recent price	Amount raised ($mil)	Performance versus S&P 500[2]
Adobe Systems/graphics softw	8/13/86	2¾	21¼	$5.5	548%
Cellular Communications/cellular	7/24/86	5	33	27.5	436
Autodesk/computer-aided designs	6/28/85	3⅝	29	15.4	418
Oracle Systems/relational databases	3/12/86	3¾	24	31.5	408
Sigma Designs/IBM compatibles	5/16/86	2⅞	15	5.75	315
Compaq Computer/IBM compatibles	12/09/83	11	69⅜	66.0	256
Microsoft/PC software	3/13/86	10½	46½	58.7	253
Metro Mobile Cts/cellular equip	10/31/86	11⅜	42½	41.7	222
Cook Data Services/oil & gas sftwr[3]	2/01/83	4	24½	10.4	199
Copytele/monitors	10/06/83	2⅝	13½	6.0	195
Octel Communication/voice msg	2/26/88	7	22⅜	14.7	187
Chips & Techs/semiconductors	10/08/86	5	16¼	10.0	163
First Data Res/computer svcs[4]	9/13/83	14	38¼	56.0	136
System Software/mainframe sftwr	2/12/87	8⅜	20½	17.6	123
3Com Corp/networking equipment	3/21/84	6	24⅜	12.8	122

Losers

Ranked by amount raised at the initial offering, these were the largest of the computer-related IPOs to declare bankruptcy. One was later purchased, but the other four all but wiped out the IPO buyer's investment.

Company/business	Offer date	Offer price	Recent price	Amount raised ($mil)
Victor Technologies/computer systems	3/23/83	280[5]	½	78.8
Eagle Computer/microcomputers	6/15/83	12	0	33.0
Equatorial Comm/communication devices[6]	9/13/83	14	3¾	30.8
Arrays/computer software	1/12/84	8	¼—	12.2
Columbia Data Prods/personal computers	1/18/84	11	0	12.1

[1]Adjusted for splits. [2]Percent by which ending value of an investment in IPO would have exceeded ending value of an investment in the S&P 500. [3]Sold software business and became Blockbuster Entertainment, a video retail chain. [4]Acquired by American Express. [5]Adjusted for 1-for-16 reverse split. [6]Acquired by Central Corp.

Sources: Technologic Partners, Forbes

Comp/Comm

Not at all. Buy at a time when no one wants technology stocks—when the underwriters have to cut prices to move the inventory—and you stand a decent chance of making money. In 1986, for instance, there were only 50 computer IPOs, and they have on average beaten the S&P 500 by 29%. Contrast that with busy 1983, when 108 issues came out and underperformed the market index by 52%.

This year is likely to be a so-so one for the people who are in business to sell high-tech IPOs, busier than 1988 but with nothing like the runaway conditions of 1983. Virtually every bulge-bracket investment bank has gone after high-technology underwriting in recent years and there hasn't been enough business to go around lately. There has also been little in the way of follow-on financings from young computer companies, whether in the form of subsequent equity issues or convertible debt. Only 10 debt issues have been offered in the last two years, and only 13 additional equity issues in the last three years. But if 1989 is a slow year for the investment bankers, it could shape up as a good year for discriminating buyers.

Relative to other securities, technology stocks have now recovered to precrash levels, a positive development for the IPO market. There are other signs of the beginning of a recovery as well. For example, Network General, a maker of software and hardware that analyzes computer networks, with revenues of $8.9 million and profits of $1.8 million for the nine months ended last December, not only was able to go public but sold above the range anticipated in the red herring. The stock is now up some 37%, despite the fact that the size of the initial offering was increased from 1.6 million to 1.9 million shares. BTU International, a semiconductor equipment manufacturer, was up 14% before returning to its $8 original offering price.

Good grades for the class of '88 add further appeal to the IPO market. The 22 computer-related companies that went public last year outperformed the S&P by an average of 25% in value between their offering dates and Mar. 20. That's partly because of issue quality. Consider the 65 computer-related companies that went public between 1984 and 1986 and raised at least $10 million. These companies were profitable for an average of four consecutive quarters before the IPO. The 20 $10-million-and-up companies in the class of '88 were profitable for an average of six consecutive quarters. The 1988 performance also was improved by low initial pricing.

As a result of the strong performance of these companies, expect to see at least as many technology companies come public in 1989 as in 1988, and possibly a few more. However, instead of the usual distribution of deals, with most bunched in the middle, the quality of companies that try to go out this year should be polarized between the good and the bad. And it shouldn't take too much looking to tell the difference.

What's more, prices on even the good companies will probably not be high, which should leave something on the table for investors with a medium- to long-term perspective. Companies that do go public will need several quarters of profits and a compelling story, or at least a reasonably interesting one. And they'll have to be willing to accept valuations that are modest in comparison to years past.

To compile our IPO forecast, we first examined hundreds of high-technology startups and analyzed each one for maturity and outlook. Using this case-by-case method, we identified 21 companies that are highly likely to go public this year.

If the market begins to take off, we have a separate list of startups that might take the plunge in 1989 instead of waiting for 1990, raising the total for the year to perhaps as high as any year since the frenetic 1983. What's more important, the average quality of the class of '89 is high, and some of the companies might generate sufficient enthusiasm to reignite the market for high-technology initial public offerings.

As we see it, the top five IPO prospects for 1989 are:

- MIPS Computer Systems, a maker of very high performance microprocessor chips and systems that use so-called reduced instruction sets;
- Claris, an Apple Computer subsidiary that owns the rights to MacWrite and MacPaint, among other products;
- Santa Cruz Operation [FORBES, *Oct. 31, 1988*], which develops applications software for the rapidly growing Unix market;
- Sybase, a relational database software company; and
- Radius, which makes add-on hardware for Apple's Macintosh.

MIPS sports good management, a great product and endorsements from DEC, NEC, Tandem Computers, and Siemens, among others. Sales are currently running at an annual rate of more than $100 million, though profitability is still in question. Competition in its fast-chip market is heating up, with new processors recently having been introduced by Intel, Motorola and Sun Microsystems.

Claris Corp. is perhaps the best-known name in its field of software for the Apple, but a number of questions still surround its eventual success. Has the company been profitable long enough? If free of Apple, would it begin selling software for the IBM family? Could it continue to develop new products of its own? One problem here is that Apple, which owns roughly 80% of the company, would probably continue to control it after the offering.

Less known but equally interesting, Santa Cruz Operation has Microsoft for an investor and expects annual revenues in the $100 million area. With Unix turning up on more and more desktops, this company is riding the wave. Valuation and timing could be a problem, given the recent Microsoft investment. Profits are also an issue. But this is definitely a company to watch.

We list Sybase as a "possible" for 1989, conditional upon a favorable market. Last year's sales were around $23 million, and the company's valuation based on the most recent round of private financing was $125 million. Sybase has momentum and, though the price is likely to be at the high end, the possibility of becoming the next Oracle. You'll find Oracle, another producer of database software, near the top of the 1983-88 roster *(see top table, p. 184)*.

Radius, which boasts 12% aftertax margins on $100 million in sales, makes enhancement products such as color monitors and graphics cards for Apple's Macintosh. The company has an excellent balance sheet, some good products and very heavy interest from investors.

In the generally losing class of 1983, two IPOs that beat the market—Ashton-Tate and Richardson Electronics—had P/Es of less than 25. Two of the worst performers—Eagle Computer and Victor Technologies—were losing money when they were brought public. Another good reality check on pricing is to look at similar companies that are already public. If public companies are trading with P/Es in the mid-20s and the IPO candidate is being offered in the mid-40s, ask yourself why an investor should pay a lot more for a smaller, riskier company. Are its growth prospects really that much better? ■

Forget those gloomy forecasts of a slowing computer industry. Entirely new computer industries are now emerging.

The next waves

An interview with Sanford C. Bernstein's Mark Stahlman

By George Gilder

IT'S FASHIONABLE TO wring hands over the maturing of the computer industry and the U.S. loss of competitiveness in computers. Fashionable and, in the informed opinion of Mark Stahlman, wrong. An analyst with the money management firm of Sanford C. Bernstein & Co., and a man with wide experience in the industry, Stahlman is a good deal more than a mere number-cruncher. Stahlman's views, while controversial, are respected and sought after. He was interviewed by Contributing Editor George Gilder.

Stahlman: The whole idea of a computer industry that is slowing down or maturing is absurd. It is like saying there is something called the wheel industry and that bicycles, motorcycles, toys and cars are just different markets for wheels.

Computing is a basic invention that is being applied to many industries, some of which are mature, like mainframes and minicomputers; some of which are maturing, like desktop personal computers; some of which are rapidly growing, like network computing; and some of which are too new to have mattered yet, such as mobile computing.

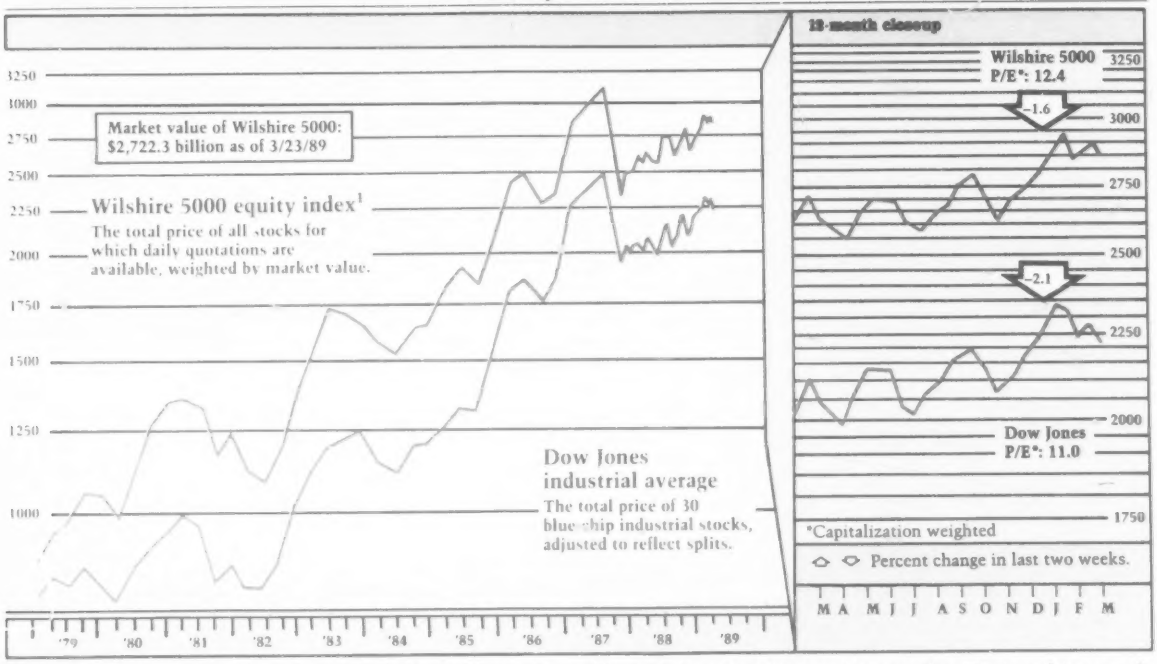
FORBES: Just a minute. The question is whether the overall set of industries applying this invention is maturing.

The computer business is entering a period of profound transformation. Everything before this is prehistory. History is beginning at this point. The total revenue expectation in my forecasts, for network computing and mobile computing by the end of the century, is $1 trillion.

Network computing, of course, involves powerful workstations connected to specialized accessories—from printers to database searchers. And mobile computing

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Technology glitches. Although none of the Wilshire sectors advanced in the last two weeks, weakness in the technology group was especially notable. Slower sales and earnings for IBM, Digital Equipment and Intel helped drive down their combined market value by over $7 billion. Overall, high-market-capitalization stocks experienced the sharpest losses, the reverse of what usually happens in a big selloff. While the Dow declined 2.1%, the Nasdaq index fell only 1.2%. The investor yardsticks below profile activity over the past four weeks. During this stretch small-market-capitalization, high-P/E, high-growth and low-yield stocks performed much better than their more conservative counterparts.

The Dow, recently at 2243, stands at 11 times latest 12-month earnings. Right after the October 1987 crash, the Dow multiple was 16.6 and the Dow was almost 300 points lower. Either the current market is cheap or investors are worried that earnings have peaked.

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	–0.8	–0.9	–2.0	–0.9	0.5	–0.5
in last 52 weeks	9.2	10.1	10.8	9.2	9.3	6.7

Stock performance based on six key investor yardsticks[3]

Percent change	Company size		Volatility[4]		P/E multiple		Dividend yield		Growth profile[5]		Share price	
	large	small	high	low	over 21	under 8	over 4.5%	none	high	low	over $34	under $4
in last 4 weeks	–1.2	2.6	1.4	0.1	0.8	–0.1	–1.2	2.3	1.4	0.1	–0.4	0.7
in last 52 weeks	10.4	11.8	7.3	4.4	21.3	9.6	–0.3	12.6	7.9	9.1	15.3	–3.8

[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. [2]Based on sales. [3]Equal weighted indices containing all shares with market capitalizations over $10 million. [4]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations; low-volatility issues are more stable. [5]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

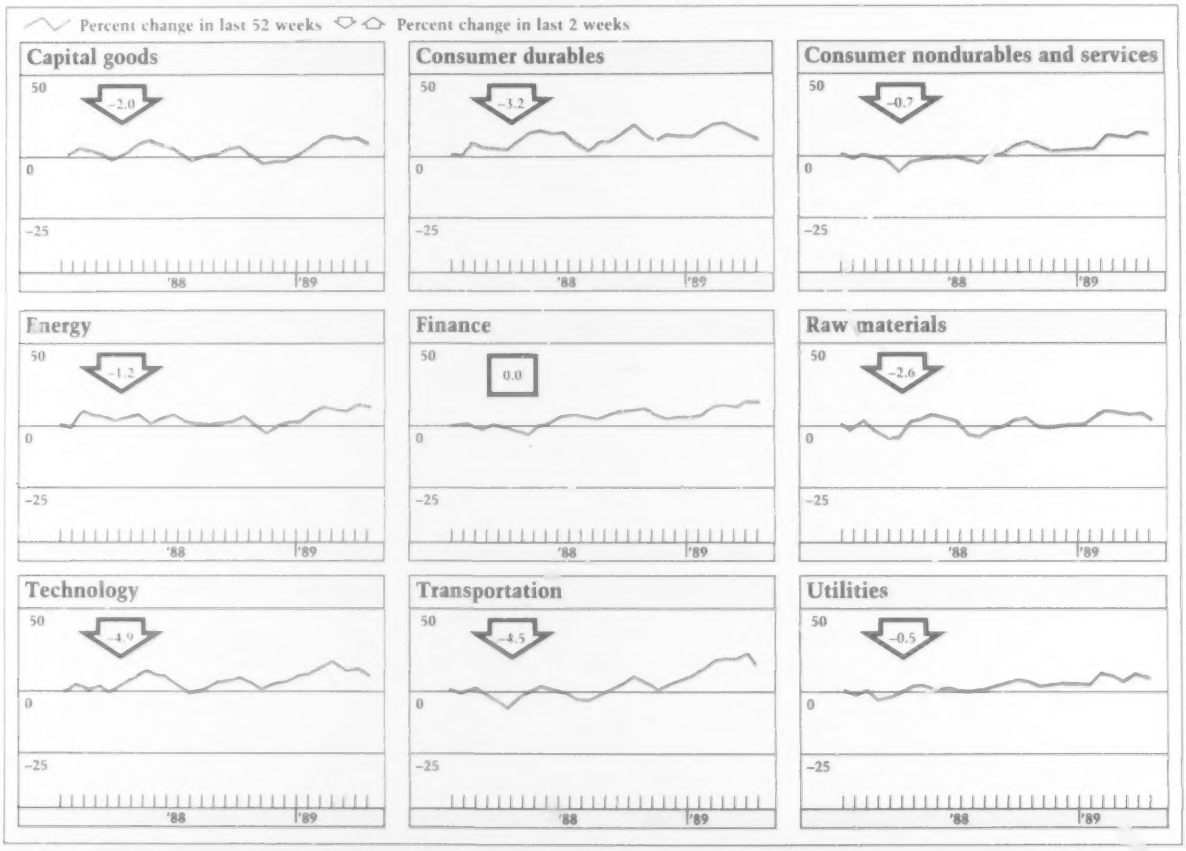
Note: All data for periods ending 3/23/89. Prepared by Wilshire Associates, Santa Monica, Calif.

Steven Kichen

Where the Action Is

Transports get a crude awakening. With oil prices reaching levels last seen before the 1986 collapse in oil prices, investors began shifting assets away from transportation shares and into energy. Texas Air, Federal Express, Northwest Airlines and Yellow Freight System, Inc. all declined more than 9%. Energy showed a two-week loss of 1.2% but a four-week gain of 2.1%, versus a 4% loss for the transportation sector.

Finance stocks were flat, all in all, but within the sector banks and brokerages moved in different directions. Some banks benefit from rising interest rates, and over the two weeks J.P. Morgan, Citicorp and Manufacturers Hanover rose more than 6%. Rising rates usually hurt Wall Street. Morgan Stanley, Shearson and Salomon lost over 7%.



What the Analysts Think

The consensus remains positive. A recession is not in the cards, to judge from the latest readings from Wall Street's analysts. Earnings estimates have been rising for consumer durables stocks, precisely those among the most likely to feel a downturn. General Motors' 1989 forecast was raised 2.7%, Ford's 2.2%.

Forecasting the Forbes Sales 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.39	11.7
1989 estimates	3.96	10.0
1990 estimates	4.39	9.2

Rank based on change in estimate	Sector	Estimated 1989 EPS	Estimated 1989 P/E	% change in 1989 estimate in 2 weeks	% change in 1989 estimate in 4 weeks
1	Consumer durables	$5.13	9.8	0.71%	2.13%
2	Raw materials	3.46	8.9	0.43	1.01
3	Energy	2.87	12.2	0.40	1.14
4	Consumer nondurables	2.72	13.0	0.11	0.00
5	Capital goods	3.00	12.2	0.02	-0.13
6	Technology	3.19	10.4	-0.04	-0.88
7	Finance	3.73	8.1	-0.21	-0.27
8	Utilities	3.07	10.1	-0.27	-0.39
9	Transportation	2.78	10.2	-0.75	-1.14

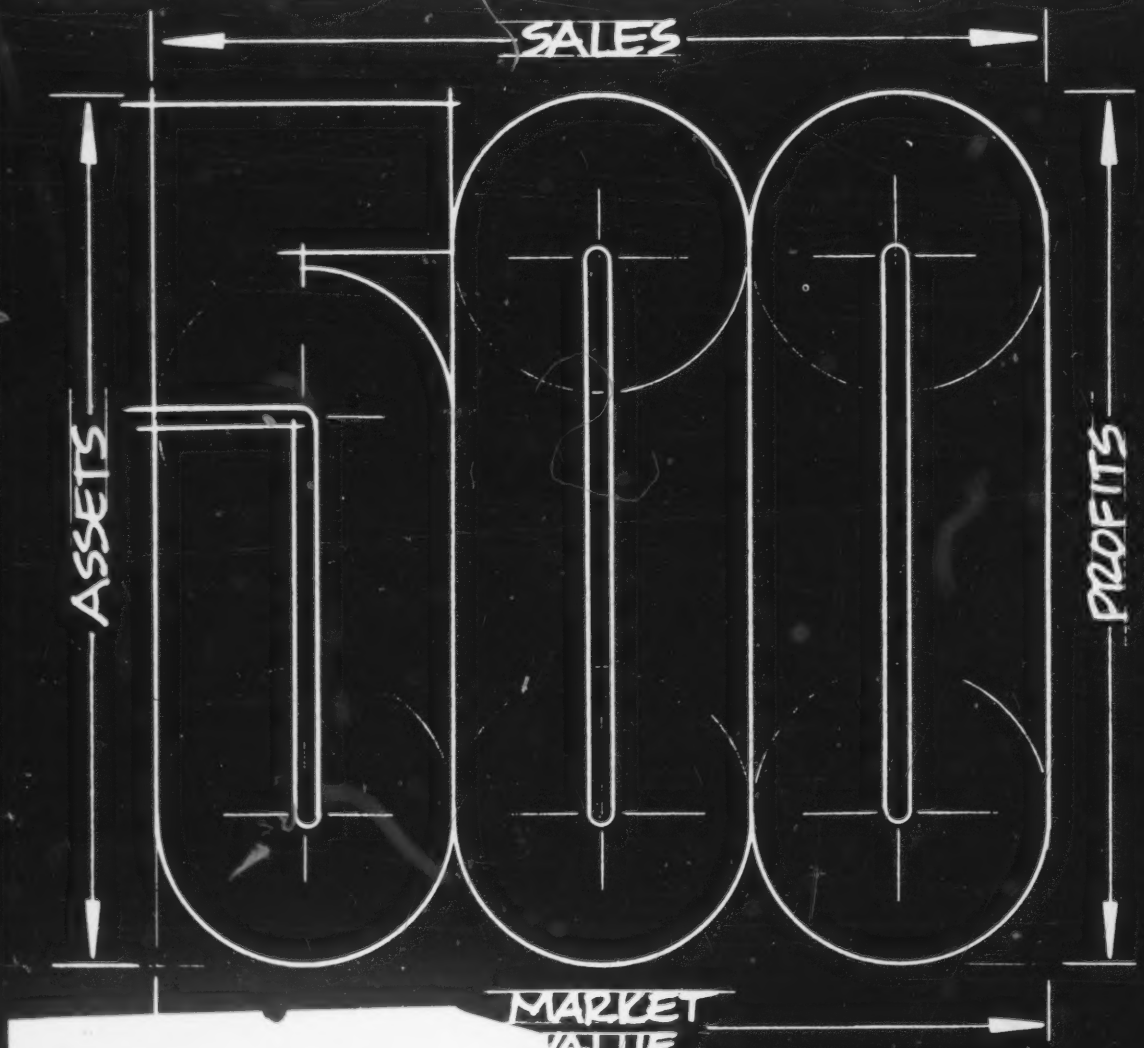
Earnings projections are capitalization-weighted consensus estimates from over 3,000 security analysts. Data are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 3/23/89. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.

The Forbes 500s Annual Directory

MAY 1, 1989 THREE DOLLARS SEVENTY-FIVE CENTS

Forbes



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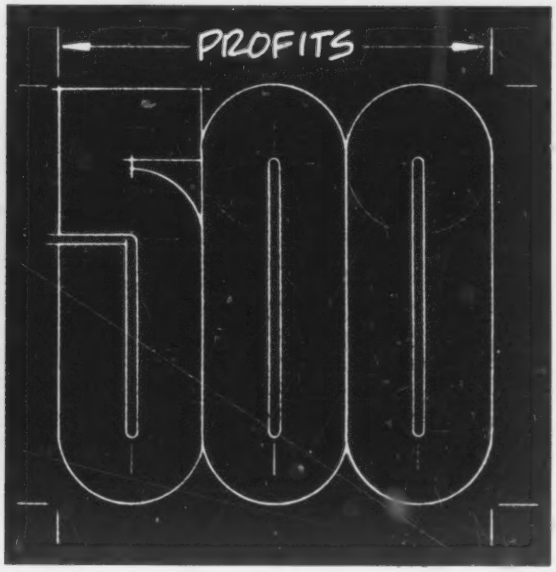

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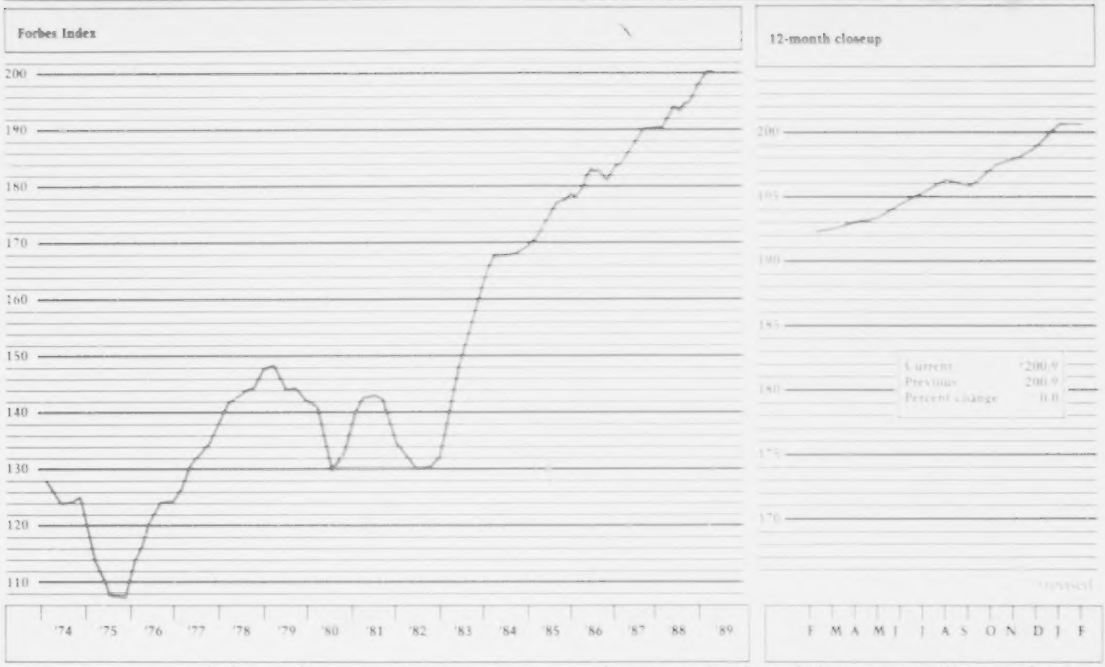
The Forbes Index



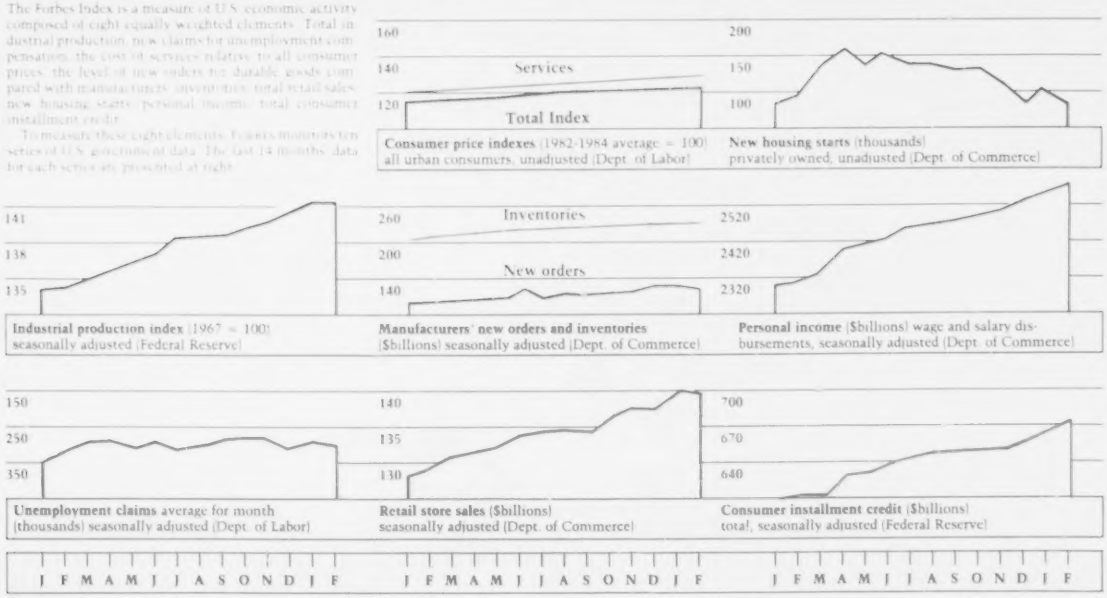
Racing between stoplights. Following a 0.9% surge in January, the best gain in nearly two years, the Forbes Index was unchanged in February even though several components registered gains. Personal income rose 0.6%, to a record $2.6 trillion. The improvement in the nation's employment picture may result in further increases in total wage and salary disbursements. During the first quarter of 1989, the unemployment rate fell 0.3%, to 5%, as 1.1 million new jobs were created.

Weakness in the manufacturing sector retarded the Forbes Index. Manufacturers' new orders declined 3.3%, while inventories rose 0.6%.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements. Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, Forbes monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Comp/Comm

while net income was $13 million, or $1.46 per share. Elated, last August Santoro paid $21 million for a huge 178,000-square-foot wafer fabrication plant in Santa Cruz, Calif. that could double his manufacturing capability after some $7 million in improvements are completed.

Alas. No high-tech niche is safe today. Within months of his purchase, his disk drive customers began slashing orders in response to their own sales troubles. Seagate, which accounted for a third of Silicon's 1988 revenues, suffered a loss of $45 million in the six months ended Dec. 31. Miniscribe, which accounted for 5% of Silicon's fiscal 1988 sales, recently announced that it would have to restate its earnings for 1988, possibly reducing them significantly.

Result: Orders for Silicon Systems' chips were down 35% in its December quarter from the previous year. The Santa Cruz plant now costs $4 million a year aftertax in overhead and debt service. Long-term debt of $52 million is a scary 90% of equity. Analysts estimate that Silicon Systems' revenues this year will climb to $140 million, but the increased debt load will mean a lower net income, probably less than $11.1 million, or $1.15 a share.

Santoro remains confident about weathering another downturn—Silicon Systems has $18 million of cash on hand—but he is worried that the low stock price will invite a hostile raider. On Mar. 31 he announced that he was shopping the company around to potential white knights. The company, meanwhile, is making chips for disk drives for both the newer 3½-inch PC disks and the disk drives in workstations from Sun Microsystems and Digital Equipment Corp. Santoro also still has a profitable business selling modem chips to companies like Hayes Microcomputers, Compaq and Zenith. Motorola is selling Silicon Systems' digital/analog chips to the auto industry, where they are used in ignition systems, fuel gauges and pressure gauges.

All this says something about risk. Depending on niches in fast-changing technology markets is risky. But if Santoro hadn't taken risks, Silicon Systems would still be puttering along on one cylinder. Or it might have died. Better a risky life than a slow death.

Silicon Systems' Austin, Calif. chipmaking plant

No sense trying to compete with Intel, Motorola and the Japanese.

Andrew Kolin

There are two kinds of profits, the kind you can buy groceries with and the paper kind. Some software companies have a lot of the latter. Investor beware.

Soft dollars

By David Churbuck

ORACLE CORP., the high-flying Belmont, Calif. vendor of database software, dazzled Wall Street once again with its third-quarter report. For the period ended Feb. 28, it showed earnings of $24 million, or 36 cents a share, almost double the figures for the year-earlier period. The stock shot up 2 points on the day following the announcement to 24⅛.

It's hard to make a bearish case for a company whose earnings per share could come in this year at 100 times what they were in fiscal 1982. Nonetheless, a mild note of caution must be injected into this otherwise happy story: Oracle isn't generating much cash from its business.

In fiscal 1988 it reported a net of $42.9 million, or 65 cents a share. But cash flow, narrowly defined—we will explain that in a minute—was only $8.7 million, or 13 cents a share. The rest of the profit was what you might call soft dollars. They were there on paper, but the money was not in the till.

The cash flow picture was similar at some other software companies. In the fiscal year ended Mar. 31, 1988, Computer Associates reported profits of $102 million, yet its cash flow was

only $36 million. In its Mar. 31, 1988 fiscal year, Borland International reported net of $1.8 million, yet its cash flow was negative. It had to borrow to pay its dividend.

Why the big discrepancies? When aren't profits cash profits? For software developers, two items stand out: research and development capitalized rather than charged off to earnings, and receivables not yet collected from customers. Both tend to drain cash out of the checking account while leaving the profit-and-loss statement looking rosy.

Kenneth S. Hackel, president of Systematic Financial Management Inc. in Fort Lee, N.J., defines cash flow this way: "What falls out of the corporate pockets when you turn a company upside down and shake." In the table we have taken this notion of profitability to its extreme, debiting from profits not only some common balance sheet adjustments but also all outlays for property, plant, equipment and software—outlays that all too often are necessary just to keep a high-technology business going.

As to which tells the truth about a company, cash flow or profits, the answer is that investors should keep an eye on both. Stocks, by and large—especially growth stocks—tend to trade on the strength of earnings, not cash flow. To this end, the plowing back of profits into more growth makes sense. But, setting aside the possibility of a cash takeover, the ultimate purpose of any equity investment is to collect dividends. At some point a growth company is supposed to mature and deliver cash to its owners. If a company were destined to suck in cash unto eternity, never returning it as dividends, it would not be worth anything. It would be like a loan to Mexico.

Software outfits, of course, argue that their profits are real—and more relevant to the investor than the status of their checking accounts. Says Michael Musson, Oracle's director of investor relations, "We consider ourselves to be very conservative. We don't capitalize as much R&D as other companies. We do not recognize revenue for long-term receivables, and that differentiates us from Relational Technology or Cullinet or Computer Associates." The finger-pointing continues: A Cullinet spokesman says, "They [Oracle] have a larger receivables balance versus the amount of sales they book. We think we are more conservative."

But a weakness in cash flow is sometimes a premonition of profit weakness. Indeed, between 1969 and 1970 several high-flying software stocks collapsed when soft spots on the balance sheet, such as capitalized R&D, finally caught up with firms that found their past profits couldn't be turned into cash. If users cease to buy a company's programs, its capitalized software becomes like goodwill—worthless.

How does one calculate cash flow? Start with Oracle's fiscal 1988 net income. Now add in depreciation and amortization and deferred income taxes. These are "noncash charges," meaning they reduced net income, yet didn't cost cash out of pocket and so should be added back. Sum the three figures and you get the $59.5 million that Oracle reported in cash from operations. This corresponds pretty closely to the classic *Value Line* definition of cash flow.

Now subtract some items that were not figured into net income yet drain cash. For instance, Oracle capitalized $4.4 million of its R&D. That is, it wrote out checks for programmers' salaries and such costs, yet didn't debit earnings for the amount because it viewed the outlay as a long-term investment. Oracle also shelled out $31 million for "property purchases"—primarily for computer equipment.

Another cash-draining activity was keeping its customers happy. In order to move the merchandise—complex, powerful database management packages that cost anywhere from $1,295 for a single PC to $250,000 for an IBM 3090 mainframe—Oracle lets users buy on time. They sign contracts with payments spread out over a maximum of 12 months. Oracle records almost the full amount when the contract is signed. This creates an account receivable on its balance sheet. In fiscal 1988 receivables grew by $70.2 million. That sum works against Oracle in the cash accounting.

How secure are those receivables as assets? Very, says Musson: The high-profile customers are good credits, and the contracts are binding. Still, it's not money in the bank.

An assortment of other adjustments must be made. Where allowing customers to pay slowly works against Oracle's cash balance, postponing the payment of its own bills (the growth in accounts payable) works in favor of its cash balance. Financing activities, however, are another matter. If the checking account is fatter by dint of the proceeds of a bank loan or a stock sale, that is no evidence of a mature, cash-generating business.

A shortcut through the cash flow statement: Take the $11 million gain in Oracle's cash assets during the year, and back out the $2.3 million it raised from financing (new debt net of retirements, and stock sales net of repurchases and dividends, if any). The resulting $8.7 million is the cash flow, narrowly defined.

Borland, which sells programming tools and applications such as a spreadsheet, word processor and database manager, looks even worse by this definition of cash flow. Notwithstanding $8.9 million in new debt and equity financing (net of retirements and dividends), the company managed to drain its cash balance by $6.8 million during the year ended Mar. 31, 1988. Resulting cash flow: a negative $15.7 million.

Not all software outfits are cash dissipaters *(see table)*. Lotus Development and Microsoft expense their R&D—that is, write it off immediately as a cost of doing business. They both take in more cash than they need to run their businesses. Other things being equal, that makes them safer investments.

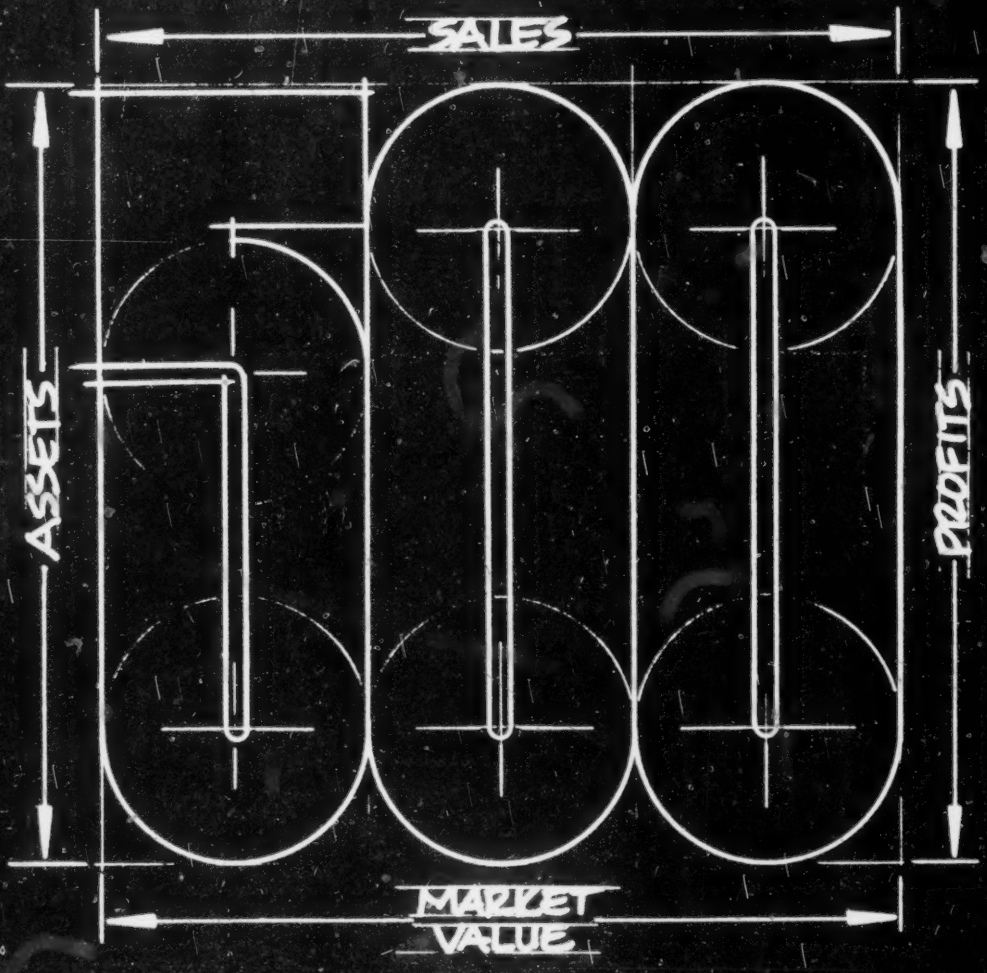
Where's the money?

Profits are one thing, money in the bank something else. Two of these companies, Lotus and Systematics, are strong cash generators.

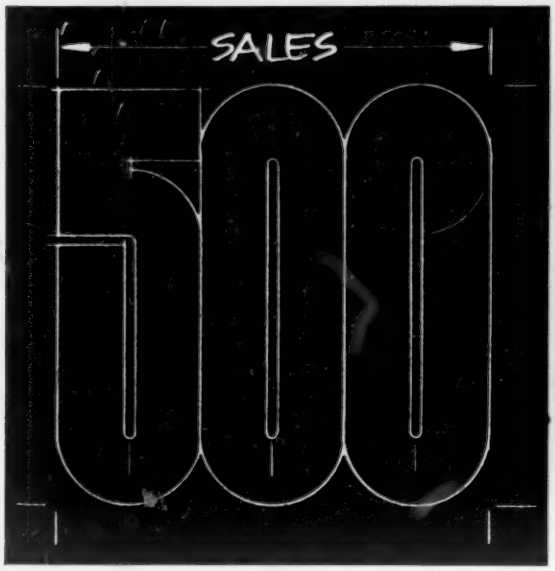
Company/software	Per share[1] Revenue	Net income	Cash flow[2]	Recent stock price
Borland/PC languages, applications	$1.31	$0.03	$–0.25	1⅜
Computer Associates/mainframe utilities	8.39	1.25	0.43	35
Lotus Development[3]/PC spreadsheets	8.66	1.58	1.30	20¼
Microsoft/MS-DOS, applications	10.59	2.22	0.61	49⅞
Oracle/relational database program	4.25	0.65	0.13	25¼
Systematics/banking systems	16.17	1.39	1.69	34¼

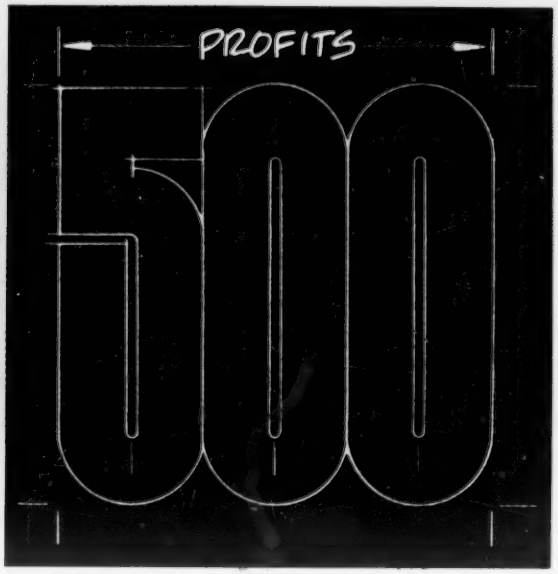
[1]Data for fiscal 1988. [2]Dividends paid plus increase in cash equivalents held, less net stock issued, less increase in short- and long-term debt. [3]Data for fiscal 1987.

The Forbes 500s Annual Directory



The Forbes 500s





The Forbes 500s are a multidimensional look at bigness in corporate America as measured by Sales, Assets, Profits and Market Value. By most measures *(see table, opposite)* growth among the 500s is sluggish. But this apparent sluggishness hides tremendous dynamism in the top ranks of U.S. business. Even as some once big companies are slipping off the list entirely, others are moving up. This year alone 52 brand-new names appear in the 500s. Some older ones disappeared because they were taken over: Kraft, RJR Nabisco and Pillsbury. But others disappeared after being left behind in the changes sweeping corporate America.

Yes, there is a fair amount of pure paper shuffling in all this change: The dealmakers first got fees for putting R.J. Reynolds and Nabisco together, and may get a second round of fees for separating them. But most of the turbulence in the top-500 lists reflects true economic change.

Compaq makes desktop computers as powerful as the multimillion-dollar mainframes of the 1960s. Technology, not paper shuffling, ranks it 198 in the Profits 500, 231 in Market Value and 378 in Sales. Computer Associates International, a vendor of mainframe software, was founded 13 years ago by Charles Wang. In fiscal 1979 Wang's firm had revenues of $6 million. In 1982 it joined our list of the 200 Best Small Companies in America. Last year it graduated to the 500s, where it now ranks 205 in Market Value and 320 in Profits.

Among other 200 Best Small Company success stories are Great Lakes Chemical (bulk chemicals), Molex (electronics), Marion Labs (prescription drugs), Liz Claiborne (apparel) and Pall Corp. (filters). Some small corporations didn't enter the Best Small Companies phase. They sublimed, as it were, into 500s status. Apple Computer and Microsoft grew so fast that by the time they had enough earnings history to be considered for the FORBES small-company honors, their revenues put them over the ceiling for a "small" company. Compaq Computer, Sun Microsystems and Tandem Computers also took the fast route into the Forbes 500s.

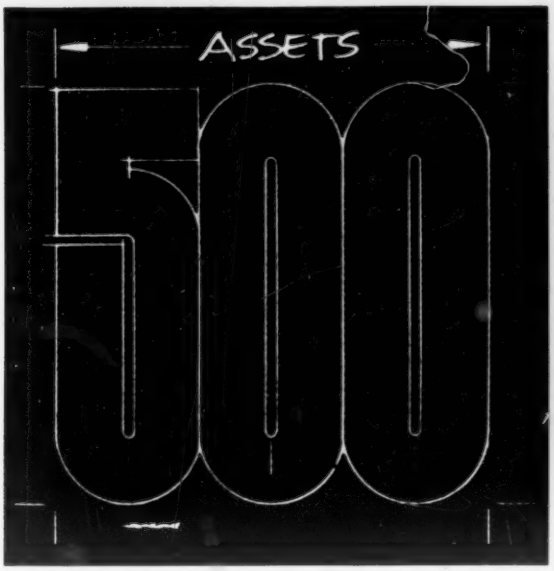
Look only at the 500s companies—a total of 778 made one or more of our

How the numbers are calculated

To qualify for a Forbes 500 listing a company must be publicly traded, U.S.-based and one of the 500 largest firms by sales, profits, assets or market value. If a corporation is consolidated by another Forbes 500 company, FORBES ranks only the parent. CNA Financial, 82% owned by Loews, does not appear here.

Fiscal year-end results are used for companies with fiscal years ending in November, December, January and, where available, February. For all other firms, sales, profits and cash flow are based on latest 12-month results. Market value is the total capitalization of all classes of common stock and is based on the stock price and the number of shares outstanding as of Dec. 31, 1988.

Operating revenues are used for sales. For banks this includes interest income plus other operating income. Net profit excludes extraordinary items but includes earnings from discontinued operations and, for insurance companies as well as other companies, capital gains. Cash flow is net profits plus depreciation and amortization. Employee counts are averages for the last fiscal year.



lists—and you see a picture of a shrinking work force. Total employment fell 2.8% last year, to 19.9 million, continuing on a long downward slope. Part of the decrease reflects the removal of big employers like RJR Nabisco and Pillsbury in leveraged buyouts or following takeovers by foreign firms. Another chunk was from attrition and firings. The restructuring of the 1980s has dropped the employee count of the Forbes 500s as corporations either closed down divisions, sold them off in management buyouts or spun them off to their shareholders.

But somewhere, among the 9 million companies tracked by Dun & Bradstreet, are more than enough growing firms to take up the slack left by the mature giants now being restructured. Thus is it that total employment in the U.S. has increased 16%, to 115 million, since 1980. Some of the new jobs are coming from new technology, through companies like Apple and Pall. A lot more are coming from future giants too small to be registered yet.

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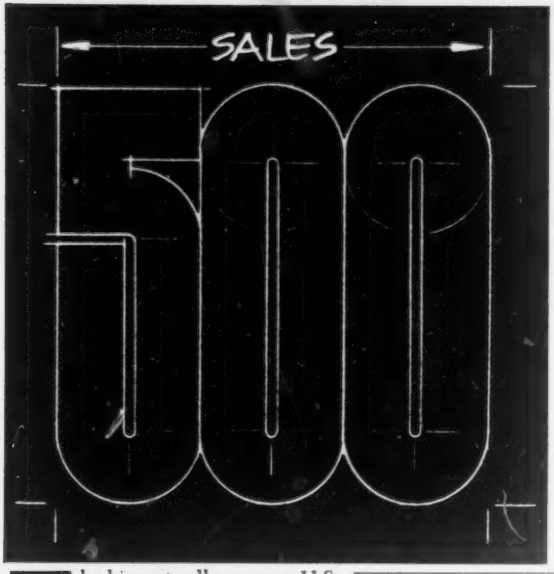
The grand totals

Employment at the 778 directory companies fell again, reflecting both gains in efficiency and the disappearance of large employers such as Federated Department Stores and RJR Nabisco.

Category	1988 total	Change from 1987	5-year growth rate
Sales 500	$3.0 trillion	+7.1%	3.2%
Profits 500	187 billion	+19.9	6.3
Assets 500	6.6 trillion	+10.4	9.5
Market Value 500	1.9 trillion	+8.7	9.3
Total employment of 500s companies	19.9 million	–2.8	–1.7

The Forbes Sales 500



In 1988 revenues of the 500 biggest firms in the U.S. climbed 7%, to $3 trillion.

The biggest seller among U.S. corporations last year was General Motors, with revenues of $121.8 billion, the only company to have sales of more than $100 billion. Although Ford Motor places second with revenues of $92.4 billion, it earned more than General Motors for the third year in a row *(see p. 184)*. Both companies, in accordance with Financial Accounting Standards Board ruling 94, consolidated the revenues of their finance subsidiaries in 1988. In the table this year, prior years' results (but not rankings) were restated before we calculated percentage gains.

Rank 1988	Rank 1987	Company	Sales ($mil)	Change over 1987 %
1	1	General Motors	121,817	7.3
2	3	Ford Motor	92,446	15.7
3	2	Exxon	80,868	5.8
4	4	IBM	59,681	8.0
5	6	Sears, Roebuck	50,251	9.5

Number 500 on the sales roster is Cincinnati Gas & Electric, with revenues of $1.39 billion. Mergers and LBOs have kept this cutoff figure from growing much; as big companies vanish, smaller ones come on at the bottom. In 1984 the qualifying revenue figure was $1.17 billion.

USAir Group's acquisitions of Piedmont Aviation and Pacific Southwest Airlines pushed up USAir's revenues by 90%, to $5.7 billion. United Telecom increased its ownership of US Sprint to 80.1%, consolidated Sprint's revenues on its own income statement, and thereby posted a 117.7% increase in revenues. International Minerals & Chemical, which sold IMC Fertilizer in a public offering in February 1988, is now too small to qualify for the sales list.

More than 25 companies on the 1987 list dropped off. Firestone Tire & Rubber, Federated Department Stores, Koppers, Kraft, Irving Bank and Pillsbury were among firms scooped up by corporate acquirers. Colt Industries, TWA and RJR Nabisco joined the growing ranks of private corporations. And Financial Corp. of America is in the process of a Chapter 7 liquidation.

The 500 largest firms posted combined sales of $3 trillion in 1988. That's over half as big as the gross national product, but, of course, the numbers aren't fully comparable. When USX sells steel to General Motors the steel is counted twice in our 500s total but only once in the GNP.

Winners

The leaders in sales growth

Rank 1988	Rank 1987	Company	1988 ($mil)	Change over 1987 %
114	258	United Telecom	6,493	117.2
481	■	Sun Microsystems	1,462	93.3
132	256	USAir Group	5,707	90.2
329	496	General Cinema	2,378	75.8
475	■	Great Am Mgmt	1,505	70.5

■ Not on 500 list in 1987

Losers

The laggards in sales growth

Rank 1988	Rank 1987	Company	1988 ($mil)	Change over 1987 %
402	117	Zayre	1,921	–67.0
250	136	Santa Fe Southern	3,144	–42.3
266	191	National Intergroup	2,975	–23.7
347	264	USG	2,248	–22.4
398	309	First Bank System	1,943	–21.2

■ Not on 500 list in 1987

Rank 1988	Rank 1987	Company	Sales ($mil)	Change over 1987 %
6	7	General Electric	49,773	4.2
7	5	Mobil	48,198	5.9
8	12	Chrysler	35,473	21.2
9	9	American Tel & Tel	35,210	4.8
10	8	Texaco	33,544	2.4
11	10	El du Pont	32,514	7.3
12	11	Citicorp	32,024	14.9
13	14	K mart	27,550	6.5
14	15	Philip Morris Cos	25,860	13.6
15	13	Chevron	25,196	-3.1
16	16	Aetna Life & Cas	24,296	4.5
17	20	American Express	22,934	29.1
18	17	Amoco	21,150	4.8
19	27	Wal-Mart Stores	20,649	28.5
20	19	Procter & Gamble	20,368	13.8
21	24	Occidental Petroleum	19,417	13.6
22	18	ITT	19,355	6.4
23	22	Travelers	18,986	5.4
24	34	American Stores	18,478	29.5
25	23	United Technologies	18,000	4.8
26	25	Cigna	17,889	5.8
27	26	Atlantic Richfield	17,626	7.3
28	21	Kroger	17,463	-1.1
29	37	Eastman Kodak	17,034	28.0
30	30	Boeing	16,962	10.5
31	36	Dow Chemical	16,682	24.7
32	29	GTE	16,460	6.7
33	32	Xerox	16,441	8.8
34	35	USX	15,792	13.6
35	31	JC Penney	15,296	-2.9
36	38	McDonnell Douglas	15,072	10.2
37	44	American Intl Group	13,613	20.7
38	39	BellSouth	13,597	10.8
39	33	Tenneco	13,234	-10.5
40	42	PepsiCo	13,007	13.3
41	40	Nynex	12,661	4.8
42	49	Westinghouse	12,500	10.3
43	47	Chase Manhattan	12,365	15.1
44	52	Digital Equipment	12,285	18.2
45	50	Dayton Hudson	12,204	14.3
46	41	Rockwell Intl	12,135	1.7
47	46	Allied-Signal	11,909	7.1
48	53	May Dept Stores	11,742	16.2
49	48	Phillips Petroleum	11,304	5.4
50	60	Sara Lee	11,206	14.4
51	54	Bell Atlantic	10,880	1.2
52	56	Goodyear	10,810	9.1
53	55	Federal Natl Mortgage	10,635	5.5
54	43	Lockheed	10,590	-6.5
55	63	Minn Mining & Mfg	10,581	12.2
56	51	Merrill Lynch	10,547	9.1
57	68	Loews	10,507	17.5
58	72	Fleming Cos	10,467	20.8
59	74	Hewlett-Packard	10,296	20.5
60	66	ConAgra	10,295	0.0
61	80	Caterpillar	10,255	25.4
62	58	BankAmerica	10,181	0.2
63	62	Great A&P Tea	10,068	5.6
64	64	Super Valu Stores	10,025	6.6
65	69	Weyerhaeuser	10,004	13.1
66	61	Ameritech	9,903	3.9
67	59	Unisys	9,902	1.9
68	84	Alcoa	9,795	26.1
69	65	General Dynamics	9,551	1.5
70	85	International Paper	9,533	22.8
71	73	Georgia-Pacific	9,509	10.5
72	67	Pacific Telesis	9,483	3.6
73	77	US West	9,221	9.2
74	70	Winn-Dixie Stores	9,088	3.0
75	82	Johnson & Johnson	9,000	12.3
76	78	UAL	8,982	8.3
77	79	Anheuser-Busch Cos	8,924	6.9
78	76	Unocal	8,853	4.6
79	95	AMR	8,824	22.6
80	71	Sun Company	8,612	-0.9
81	75	Texas Air	8,573	1.2
82	90	Security Pacific	8,483	12.4
83	83	Southwestern Bell	8,453	5.6
84	88	Coca-Cola	8,338	8.9
85	104	Union Carbide	8,324	20.4
86	89	Monsanto	8,293	8.6
87	107	Motorola	8,250	23.0
88	92	Coastal Corp	8,237	10.9
89	87	Raytheon	8,192	7.0
90	99	FW Woolworth	8,088	13.4
91	86	Mfrs Hanover	8,019	3.4
92	97	Transamerica	7,879	9.8
93	93	Ashland Oil	7,860	8.4
94	105	JP Morgan & Co	7,839	14.7
95	96	Pacific G&E	7,646	6.4
96	81	CSX	7,592	-5.6
97	109	Chemical Banking	7,549	13.9
98	118	Archer-Daniels	7,379	19.4
99	111	Marriott	7,370	13.0
100	91	LTV	7,325	-3.4
101	113	Delta Air Lines	7,323	15.3
102	102	Lincoln National	7,312	5.1
103	94	Textron	7,286	1.7
104	112	Borden	7,244	11.2
105	120	American Brands	7,236	21.4
106	101	Southern Company	7,235	3.2
107	108	Honeywell	7,148	7.0
108	100	McKesson	7,052	-0.5
109	106	TRW	6,982	2.4
110	115	Baxter International	6,861	10.3
111	114	Emerson Electric	6,793	6.3
112	123	Melville	6,780	14.3
113	126	Albertson's	6,773	15.4
114	258	United Telecom	6,493	117.7
115	132	Texas Instruments	6,295	12.5
116	134	SCEcorp	6,253	13.8
117	121	Salomon	6,146	2.4
118	122	Union Pacific	6,068	2.1
119	125	Ralston Purina	6,046	3.0
120	131	NCR	5,990	6.2
121	137	Bristol-Myers	5,973	10.6
122	145	Merck	5,940	17.4
123	144	First Interstate Bncp	5,932	17.2
124	138	Pacific Enterprises	5,932	10.3
125	127	Continental Corp	5,878	1.3
126	135	FPL Group	5,854	-10.1
127	128	Bankers Trust NY	5,851	2.8
128	119	Northrop	5,797	-4.2
129	165	WR Grace	5,786	28.1
130	140	Martin Marietta	5,727	10.9
131	124	Enron	5,708	-3.5
132	256	USAir Group	5,707	90.2
133	141	NWA	5,650	9.9
134	143	HJ Heinz	5,639	10.8
135	149	James River Corp Va	5,623	14.9
136	139	PPG Industries	5,617	8.4
137	151	Quaker Oats	5,616	15.3
138	129	Commonwealth Ed	5,613	-1.1
139	153	USF&G	5,582	15.7
140	173	Reynolds Metals	5,567	30.0
141	189	Sysco	5,561	39.3
142	133	General Mills	5,557	6.4
143	152	McDonald's	5,521	3.8
144	185	Fluor	5,514	38.3
145	146	American Home Prods	5,501	9.4
146	161	Bethlehem Steel	5,489	18.8
147	158	Deere	5,461	16.2
148	150	Kimberly-Clark	5,394	10.4
149	147	Pfizer	5,385	9.5
150	174	Bank of Boston	5,296	24.0
151	155	Gulf & Western	5,277	10.2
152	160	Campbell Soup	5,269	13.5
153	181	Dana	5,190	16.9
154	193	MCI Communications	5,137	30.4
155	162	Champion Intl	5,129	11.1
156	142	Consolidated Edison	5,109	0.3
157	163	Ryder System	5,030	9.1
158	167	Walgreen	4,980	12.3
159	156	Litton Industries	4,943	4.4
160	168	Abbott Laboratories	4,937	12.5
161	164	Wells Fargo	4,853	6.1
162	192	Wetterau	4,850	23.0
163	154	American Electric	4,841	1.1
164	225	Halliburton	4,839	26.3
165	175	First Chicago	4,791	12.9
166	166	Capital Cities/ABC	4,773	7.5
167	171	SmithKline Beckman	4,749	9.7
168	130	Colgate-Palmolive	4,734	-16.2
169	182	Scott Paper	4,726	14.7
170	148	CPC International	4,700	-4.1

■ Not on 500 list in 1987

The Forbes Sales 500

Rank 1988	Rank 1987	Company	Sales ($mil)	Change over 1987 %
171	110	Burlington Northern	4,700	10.6
172	172	Teledyne	4,598	3.6
173	180	American Cyanamid	4,592	10.2
174	212	Price Co	4,530	24.1
175	178	Time Inc	4,507	7.5
176	177	Mead	4,464	6.1
177	183	Norfolk Southern	4,462	8.5
178	255	Apple Computer	4,434	45.8
179	176	Pub Svc Enterprise	4,395	4.4
180	196	Kellogg	4,349	14.7
181	179	Whirlpool	4,315	3.2
182	229	Dun & Bradstreet	4,267	27.0
183	207	Cooper Industries	4,258	18.8
184	210	Federal Express	4,244	20.5
185	222	Warner Commun	4,206	23.6
186	157	Amerada Hess	4,206	-10.6
187	184	Texas Utilities	4,154	1.7
188	203	Navistar Intl	4,113	12.8
189	245	Morgan Stanley	4,109	30.5
190	195	Boise Cascade	4,095	7.2
191	209	Limited	4,071	15.4
192	204	Eli Lilly	4,070	11.7
193	217	Inland Steel Inds	4,068	17.8
194	248	Toys "R" Us	4,000	27.5
195	202	Tandy	3,992	9.2
196	241	Dresser Industries	3,989	24.5
197	215	Wickes Cos	3,985	-1.7
198	198	Chubb	3,980	7.2
199	224	AMAX	3,944	16.6
200	235	Vons Cos	3,917	19.6
201	213	Warner-Lambert	3,908	12.2
202	232	Coca-Cola Enterprises	3,874	16.4
203	200	Alco Standard	3,871	5.4
204	282	PNC Financial	3,827	42.9
205	98	American General	3,823	12.4
206	260	Food Lion	3,815	29.2
207	261	Walt Disney	3,747	31.2
208	240	Stone Container	3,742	15.8
209	228	Reliance Group	3,730	10.9
210	230	Bergen Brunswig	3,730	6.3
211	194	Fireman's Fund	3,704	16.5
212	227	St Paul Cos	3,631	7.9
213	226	Control Data	3,628	7.8
214	199	Duke Power	3,627	-2.1
215	205	Houston Industries	3,596	0.2
216	233	Grumman	3,591	8.0
217	294	Gt Northern Nekoosa	3,588	38.6
218	187	Whitman	3,583	-11.0
219	244	Gillette	3,581	13.1
220	252	Humana	3,580	22.5
221	305	TW Services	3,574	43.4
222	206	Pan Am	3,569	0.7
223	276	Waste Management	3,566	29.3
224	216	Middle South Utils	3,565	3.2
225	■	PacifiCorp	3,519	7.4
226	284	HF Ahmanson	3,517	32.8
227	236	United Brands	3,503	7.2
228	238	Consolidated Rail	3,490	7.5
229	254	Combustion Eng	3,484	14.5
230	208	Texas Eastern	3,481	2.6
231	247	Eaton	3,469	10.5
232	257	National Medical	3,433	23.9
233	352	Ames Dept Stores	3,363	59.2
234	237	Dominion Resources	3,344	.9
235	251	Gannett	3,314	7.6
236	273	Cummins Engine	3,310	19.6
237	303	Greyhound	3,305	32.1
238	246	FMC	3,287	4.7
239	249	Brunswick	3,282	6.3
240	234	Mellon Bank	3,269	-.3
241	319	Paccar	3,267	28.1
242	250	Times Mirror	3,259	5.8
243	243	Philadelphia Elec	3,229	.5
244	262	Armco	3,227	0.3
245	267	Johnson Controls	3,227	15.0
246	287	Bank of New England	3,197	17.3
247	270	Turner Corp	3,196	14.5
248	298	Circle K	3,188	23.3
249	190	Gt Western Financial	3,166	10.6
250	136	Santa Fe Southern	3,144	42.3
251	201	Kemper	3,135	-14.5
252	269	Columbia Gas System	3,129	11.8
253	266	Detroit Edison	3,102	8.6
254	365	Southmark	3,100	15.9
255	278	Service Merchandise	3,093	13.7
256	253	Wang Laboratories	3,075	0.9
257	274	Avon Products	3,063	10.9
258	300	Fleet/Norstar Finl	3,051	20.3
259	214	First Executive	3,049	12.4
260	293	MCA	3,024	16.8
261	285	Ingersoll-Rand	3,021	14.1
262	277	American Medical	3,017	8.5
263	271	Continental Bank	3,012	8.0
264	280	Giant Food	2,987	9.8
265	304	Home Group	2,978	19.3
266	191	National Intergroup	2,975	23.7
267	279	Schering-Plough	2,969	10.0
268	263	Contel	2,964	8.5
269	268	CMS Energy	2,943	5.1
270	291	Genuine Parts	2,942	12.9
271	297	Quantum Chemical	2,922	13.8
272	288	First Union	2,899	10.4
273	299	SunTrust Banks	2,889	12.8
274	322	ICH	2,885	7.1
275	308	RR Donnelley & Sons	2,878	15.9
276	388	Intel	2,875	50.7
277	292	Safeco	2,873	10.8
278	283	General Public Utils	2,834	6.0
279	265	Owens-Corning	2,831	2.1
280	312	NCNB	2,830	15.0
281	302	Provident Life & Acc	2,827	12.4
282	306	CalFed	2,816	13.3
283	325	Shawmut National	2,811	20.1
284	321	First Fidelity Bncp	2,805	16.2
285	281	Hercules	2,802	4.1
286	289	Niagara Mohawk Pwr	2,800	6.7
287	275	CBS	2,778	0.6
288	239	Transco Energy	2,774	-14.4
289	313	Emhart	2,763	12.5
290	301	Upjohn	2,754	8.9
291	242	Interco	2,746	-14.2
292	334	Rite Aid	2,746	20.8
293	272	Enserch	2,739	-2.1
294	218	General Re	2,736	-20.7
295	376	Banc One	2,735	39.5
296	311	Aon	2,732	10.7
297	295	Ethyl	2,718	-13.3
298	286	Carter Hawley Hale	2,708	2.5
299	330	Universal	2,705	17.9
300	332	Consol Freightways	2,689	17.1
301	290	Kerr-McGee	2,689	5.6
302	324	Zenith Electronics	2,686	13.7
303	323	Armstrong World Inds	2,680	13.3
304	328	AMP	2,670	15.2
305	329	Union Camp	2,661	15.3
306	335	Pitney Bowes	2,650	13.7
307	219	Household Intl	2,637	27.5
308	307	American Petrofina	2,635	6.1
309	350	Bank of New York	2,620	22.4
310	347	Squibb	2,586	19.9
311	336	Dillard Dept Stores	2,558	16.0
312	333	Barnett Banks	2,546	11.4
313	337	Rohm & Haas	2,535	15.1
314	362	Natl Semiconductor	2,532	10.1
315	314	Lowe's Cos	2,517	3.1
316	296	VF	2,516	-2.2
317	315	PaineWebber Group	2,512	3.1
318	316	Central & So West	2,512	3.1
319	340	Air Prods & Chems	2,487	13.7
320	331	Norwest	2,475	7.7
321	419	Castle & Cooke	2,469	33.1
322	327	Consol Natural Gas	2,468	6.3
323	351	GlenFed	2,465	4.4
324	343	Morton Thiokol	2,461	13.6
325	366	Masco	2,439	20.5
326	341	BF Goodrich	2,417	11.5
327	369	Parker-Hannifin	2,397	17.0
328	338	Premark Intl	2,397	9.1
329	496	General Cinema	2,378	75.8
330	368	Black & Decker	2,374	17.6
331	414	West Point-Pepperell	2,353	33.6
332	310	Engelhard	2,351	-5.2
333	370	Baker Hughes	2,336	16.4
334	346	Tribune	2,335	8.1
335	326	Berkshire Hathaway	2,333	-2.9

■Not on 500 list in 1987

The Forbes Sales 500

Rank 1988	Rank 1987	Company	Sales ($mil)	Change over 1987 %
336	384	Nordstrom	2,328	21.2
337	390	American Family	2,325	23.9
338	440	Phelps Dodge	2,320	43.9
339	381	Olin	2,308	19.6
340	318	Geo A Hormel	2,289	–5.7
341	342	US Shoe	2,274	5.1
342	358	Carolina Power & Lt	2,273	9.2
343	349	Marsh & McLennan	2,272	5.8
344	429	Student Loan	2,272	36.2
345	348	Mercantile Stores	2,266	5.1
346	488	Valhi	2,252	62.9
347	264	USG	2,248	–22.4
348	367	Sovran Financial	2,230	10.5
349	368	National City	2,227	12.1
350	355	Pennsylvania P&L	2,214	5.9
351	353	UNUM Corp	2,199	5.0
352	448	Costco Wholesale	2,194	38.8
353	375	Westvaco	2,187	11.4
354	387	Roadway Services	2,185	14.4
355	374	NBD Bancorp	2,181	10.8
356	415	Browning-Ferris Inds	2,172	23.3
357	373	Allegheny Power	2,170	9.6
358	317	Hershey Foods	2,168	–10.9
359	■	Burlington Resources	2,167	–8.6
360	382	Pinnacle West	2,155	9.8
361	407	Ohio Edison	2,143	20.4
362	361	Long Island Lighting	2,138	3.2
363	482	Tele-Communications	2,134	50.7
364	398	American President	2,131	16.8
365	357	Corning Glass Works	2,122	1.8
366	430	Republic New York	2,105	26.5
367	356	Harris Corp	2,105	1.0
368	391	Mack Trucks	2,102	13.2
369	380	Temple-Inland	2,099	–7.7
370	385	Nash Finch	2,092	7.9
371	393	Citizens & Southern	2,090	12.7
372	405	Pennzoil	2,088	16.9
373	360	Knight-Ridder	2,083	0.5
374	359	Northeast Utilities	2,079	10.7
375	396	Bear Stearns Cos	2,078	21.8
376	389	San Diego G&E	2,076	9.0
377	394	Fred Meyer	2,074	12.2
378	■	Compaq Computer	2,066	68.7
379	■	Bruno's	2,063	33.9
380	364	Manville	2,062	–0.1
381	393	Fruehauf	2,054	11.7
382	231	Capital Holding	2,046	14.6
383	379	Centerior Energy	2,038	4.7
384	378	Union Electric	2,029	4.2
385	354	Beverly Enterprises	2,025	–3.3
386	402	First Wachovia	2,020	12.5
387	416	Yellow Freight Sys	2,016	14.6
388	410	No States Power	2,006	13.3
389	377	Florida Progress	2,002	2.3
390	401	Tyson Foods	2,001	11.4
391	469	Home Depot	2,000	37.6
392	■	Arkla	1,996	3.7
393	497	Asarco	1,988	46.7
394	442	MNC Financial	1,983	24.1
395	444	Dover	1,954	23.2
396	403	Sherwin-Williams	1,950	8.8
397	456	Freeport-McMoRan	1,945	28.4
398	309	First Bank System	1,943	–21.2
399	428	Avnet	1,934	15.7
400	423	Illinois Tool Works	1,930	13.6
401	409	Longs Drug Stores	1,925	8.6
402	117	Zayre	1,921	–69.0
403	425	Trinova	1,919	14.1
404	392	Morrison Knudsen	1,909	2.8
405	413	Stanley Works	1,909	8.3
406	438	GenCorp	1,891	16.8
407	386	Maytag	1,886	–1.2
408	427	Bally Manufacturing	1,867	11.4
409	399	Baltimore G&E	1,864	3.0
410	412	Polaroid	1,863	5.6
411	439	Intl Multifoods	1,847	14.3
412	450	Midlantic	1,846	19.6
413	422	Crown Cork & Seal	1,834	6.8
414	432	Springs Industries	1,825	9.9
415	395	Maxicare Health	1,824	5.4
416	418	McGraw-Hill	1,818	3.8
417	421	Diamond Shamrock	1,804	3.6
418	458	Amdahl	1,802	19.7
419	383	Louisiana-Pacific	1,799	8.8

■ Not on 500 list in 1987

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Rank 1988	Rank 1987	Company	Sales ($mil)	Change over 1987 %
420	452	Holly Farms	1,798	17.7
421	■	Tyco Laboratories	1,792	43.2
422	486	Reebok International	1,786	28.6
423	453	Harcourt Brace	1,782	–8.2
424	468	Cabot	1,770	17.2
425	441	General Signal	1,760	9.8
426	445	Geico	1,757	8.5
427	436	Becton Dickinson	1,749	9.0
428	■	Himont	1,746	49.8
429	435	Mapco	1,736	9.8
430	492	Centex	1,730	25.8
431	449	PHH Corp	1,717	–4.7
432	476	Willamette Inds	1,716	19.9
433	■	Sequa	1,713	49.5
434	426	Brown Group	1,707	1.7
435	424	New York Times	1,700	0.6
436	408	MCorp	1,692	–7.1
437	433	Public Service Colo	1,685	1.7
438	406	Williams Cos	1,673	–6.0
439	457	Hills Dept Stores	1,671	10.3
440	443	Torchmark	1,670	5.0
441	460	Square D	1,657	11.6
442	490	Outboard Marine	1,653	19.8
443	463	Masco Industries	1,651	12.3
444	404	Meritor Financial	1,645	–7.9
445	■	Itel	1,644	29.0
446	471	CoreStates Financial	1,630	12.5
447	451	Super Food Services	1,628	5.7
448	■	Circuit City Stores	1,619	29.9
449	466	Automatic Data	1,617	10.2
450	459	Dean Foods	1,612	7.7
451	■	Dow Jones	1,603	22.0
452	480	Gt Am First Savings	1,601	12.3
453	■	Sonoco Products	1,600	21.9
454	431	Holiday	1,597	–4.0
455	■	Prime Computer	1,595	65.9
456	477	Witco	1,586	11.1
457	420	Subaru of America	1,584	–9.3
458	■	Pittston	1,583	18.1
459	464	So N England Telecom	1,583	7.7
460	467	Avery International	1,582	7.9
461	484	Hanover Insurance	1,580	11.9
462	■	HomeFed	1,578	21.5
463	446	Ohio Casualty	1,576	0.1
464	489	Fleetwood Enterprises	1,567	13.5
465	■	Timken	1,554	26.3
466	479	Penn Central	1,547	8.8
467	494	Wisconsin Energy	1,541	12.9
468	■	WW Grainger	1,535	16.3
469	470	Nipsco Industries	1,524	5.0
470	499	Adolph Coors	1,522	12.7
471	475	Gulf States Utils	1,520	6.1
472	472	New England Electric	1,520	4.9
473	■	NIKE	1,519	59.2
474	474	Nicor	1,509	5.1
475	■	Great American Mgmt	1,505	70.5
476	■	Integrated Resources	1,500	35.1
477	■	Loral	1,493	20.1
478	■	National Service	1,481	8.1
479	493	Sundstrand	1,477	8.2
480	462	Murphy Oil	1,474	0.0
481	■	Sun Microsystems	1,462	93.3
482	■	NWNL	1,450	11.1
483	■	Rose's Stores	1,439	7.7
484	■	E-Systems	1,439	17.3
485	487	Tektronix	1,431	3.0
486	■	Tandem Computers	1,425	32.0
487	■	Beneficial Corp	1,418	14.5
488	■	Bowater	1,410	14.6
489	■	Golden West Finl	1,410	11.3
490	■	Norton	1,410	11.8
491	■	EG&G	1,406	13.8
492	■	Southeast Banking	1,405	20.7
493	478	Goldome	1,405	–1.4
494	■	Spiegel	1,402	31.6
495	■	Esselte Business Sys	1,401	12.8
496	■	KeyCorp	1,394	27.8
497	481	Sonat	1,392	–1.8
498	■	Columbia Pictures	1,387	30.1
499	■	Echlin	1,386	16.4
500	495	Cincinnati G&E	1,386	2.1

■ Not on 500 list in 1987

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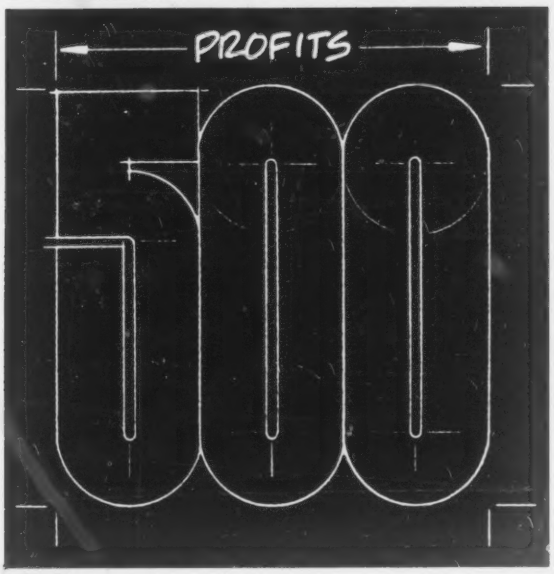
The Forbes Profits 500



Sparked by the recovery of large banks, the net income of the 500 largest American firms grew 19.9%, to $186.7 billion.

THE TOTAL net income of the 500 largest firms rose from $155.7 billion in 1987 to $186.7 billion last year.

Having taken large writeoffs on loans to developing countries in 1987, several big banks are back on the Forbes Profits 500. Among the returnees: Citicorp, with rank 12; Chase Manhattan, 31; Chemical Banking, 57; and Bankers Trust, 68. Colgate-Palmolive earned $318 million in 1988, restoring it to the Profits list after a year of restructuring.

With net income of $5.5 billion, a 4.4% increase over last year, IBM remains in first place. Ranked 500th is American Medical International, with earnings of $76.5 million. A year ago the last firm earned $63.4 million.

Profits fell 54.6% for Goodyear Tire & Rubber and 85.3% for Hercules. But both companies had boosted their 1987 earnings with large gains from discontinued operations. (In determining net income FORBES includes gains from discontinued operations but excludes extraordinary gains or losses.) Profits at Phillips Petroleum rose from $35 million to $650 million as the firm continued to work its way out of the 1984 restructuring that was done to thwart T. Boone Pickens. Last year Phillips paid off $658 million in long-term debt and was also helped by strong demand for refined products and chemicals.

Among the Profits 500 drop-offs is AT&T. The company deducted $6.7 billion from its operating income to write off obsolete assets and ended the year with a deficit. On a cash flow basis, however, AT&T would be ranked 26th.

Rank 1988	Rank 1987	Company	Net profits ($mil)	Change over 1987 %	Cash flow ($mil)	Cash flow rank 1988
1	1	IBM	5,491.0	4.4	10,255	2
2	3	Ford Motor	5,300.2	14.6	9,093	4
3	2	Exxon	5,260.0	8.7	10,050	3
4	4	General Motors	4,632.1	30.4	11,970	1
5	5	General Electric	3,386.0	59.8	5,652	5
6	17	Dow Chemical	2,410.0	93.6	3,343	16
7	8	El du Pont de Nemours	2,190.0	22.6	4,406	7
8	16	Mobil	2,087.0	54.8	4,770	6
9	7	Philip Morris Cos	2,064.0	12.1	2,843	21
10	11	Amoco	2,063.0	51.7	4,381	8

Winners

The leaders in profit rebounds

Rank 1988	Rank 1987	Company	Net profits 1988 ($mil)	Net profits 1987 ($mil)
68	■	Bankers Trust NY	647.7	1.2
462	■	Grumman	86.5	0.7
72	■	Security Pacific	638.9	15.7
67	■	Phillips Petroleum	650.0	35.0
159	■	Bank of Boston	322.3	19.7

■ Not on 500 list in 1987

Losers

The laggards in profit growth

Rank 1988	Rank 1987	Company	Net profits ($mil)	Change over 1987
366	36	Hercules	120.4	–85.3%
412	132	Travelers	103.3	–72.4
313	88	CSX	147.0	–66.0
221	60	SmithKline Beckman	229.2	–59.8
147	37	Goodyear	350.1	–54.6

Rank 1988	Rank 1987	Company	Net profits ($mil)	Change over 1987 %	Cash flow ($mil)	Cash flow rank 1988
11	26	Chevron	1,768.0	41.4	4,310	10
12	■	Citicorp	1,698.0	D-P	2,397	23
13	9	BellSouth	1,665.5	0.0	4,348	9
14	19	Atlantic Richfield	1,583.0	29.3	3,436	14
15	21	Eastman Kodak	1,397.0	18.6	2,580	22
16	18	Bell Atlantic	1,316.8	6.2	3,671	12
17	15	Nynex	1,315.0	3.0	3,469	13
18	■	Texaco	1,304.0	D-P	3,398	15
19	20	Ameritech	1,237.4	4.1	2,995	18
20	22	GTE	1,224.7	9.5	3,784	11
21	29	American Intl Group	1,217.0	16.8	1,217	49
22	14	Digital Equipment	1,209.1	–5.9	1,817	28
23	32	Merck	1,206.8	33.1	1,412	38
24	28	Pacific Telesis	1,188.0	25.1	3,033	17
25	30	Minn Mining & Mfg	1,154.0	25.7	1,829	27
26	80	CBS	1,153.0	154.6	1,210	51
27	27	US West	1,131.7	12.6	2,892	20
28	75	Procter & Gamble	1,128.0	134.5	1,862	26
29	117	UAL	1,124.3	235.5	1,643	31
30	25	Southwestern Bell	1,060.1	1.2	2,905	19
31	■	Chase Manhattan	1,058.9	D-P	1,352	43
32	12	Chrysler	1,050.2	–18.6	2,207	24
33	31	Coca-Cola	1,044.7	14.0	1,214	50
34	67	American Express	1,038.5	94.8	1,039	69
35	431	JP Morgan & Co	1,001.8	NM	1,138	58
36	33	Johnson & Johnson	974.0	16.9	1,365	42
37	35	American Home Prods	932.2	10.3	1,074	64
38	10	Sears, Roebuck	909.5	–44.3	1,505	35
39	43	Loews	908.5	30.5	999	74
40	184	Alcoa	861.4	284.6	1,507	34
41	63	Southern Company	846.0	52.6	1,685	30
42	50	Wal-Mart Stores	837.2	33.4	1,038	70
43	42	Hewlett-Packard	830.0	17.4	1,210	52
44	41	Bristol-Myers	829.0	16.8	957	82
45	38	Westinghouse	822.8	–8.6	1,170	55
46	■	Tenneco	822.0	D-P	1,330	44
47	24	ITT	817.0	–20.8	1,317	45
48	52	JC Penney	807.0	32.7	1,065	65
49	44	K mart	802.9	16.0	1,240	47
50	45	Pfizer	791.3	14.6	986	77
51	47	Rockwell Intl	779.0	14.8	1,382	40
52	55	PepsiCo	762.2	28.1	1,392	39
53	39	SCEcorp	761.8	13.6	1,565	32
54	48	Eli Lilly	761.0	18.2	965	81
55	201	USX	756.0	267.0	2,125	25
56	95	International Paper	754.0	85.3	1,200	53
57	■	Chemical Banking	753.6	D-P	914	89
58	49	Abbott Laboratories	752.0	18.9	1,023	73
59	■	Manufacturers Hanover	752.0	D-P	883	93
60	445	AMAX	740.9	NM	938	85
61	23	Commonwealth Ed	737.5	–32.1	1,694	29
62	51	Anheuser-Busch Cos	715.9	16.5	1,075	63
63	34	Aetna Life & Cas	698.9	19.8	780	100
64	58	Unisys	680.6	17.8	1,473	41
65	176	Union Carbide	662.0	185.3	1,135	59
66	56	United Technologies	659.1	11.4	1,221	48
67	■	Phillips Petroleum	650.0	1757.1	1,518	33
68	■	Bankers Trust NY	647.7	NM	735	112
69	65	McDonald's	645.9	17.6	1,029	72
70	57	Union Pacific	644.0	10.5	1,167	56
71	46	Texas Utilities	642.7	–5.5	907	90
72	■	Security Pacific	638.9	NM	828	96
73	246	Norfolk Southern	635.1	268.4	947	84
74	71	American Electric	626.8	24.8	1,113	60
75	92	Lockheed	624.0	48.2	999	75
76	125	Caterpillar	616.0	93.1	1,050	67
77	76	Boeing	614.0	27.9	1,155	57
78	64	Consolidated Edison	599.3	8.9	907	91
79	86	Monsanto	591.0	35.6	1,294	46
80	68	American Brands	580.0	11.0	792	99
81	79	Walt Disney	569.9	25.2	919	87
82	66	Philadelphia Elec	566.0	4.3	811	97
83	81	Weyerhaeuser	564.4	26.4	980	80
84	■	BankAmerica	547.0	D-P	760	104
85	74	Emerson Electric	540.7	11.0	769	101
86	84	May Dept Stores	534.0	20.3	864	95
87	69	Pub Svc Enterprise	528.6	1.6	1,088	61
88	■	First Chicago	513.1	D-P	635	125
89	■	United Telecom	508.9	D-P	1,416	37
90	105	Federal Natl Mortgage	506.7	34.8	507	162
90	164	General Mills	506.7	91.7	656	124
92	98	Dun & Bradstreet	499.0	27.0	752	106
93	82	Raytheon	489.6	10.0	749	107
94	■	Wells Fargo	486.7	NM	629	126
95	209	Reynolds Metals	482.0	140.2	666	122
96	97	Kellogg	480.4	21.3	620	128
97	73	General Re	480.0	–3.8	481	174
98	214	AMR	476.8	140.3	1,030	71
99	40	Cigna	472.2	–34.3	472	180
100	104	PPG Industries	467.6	24.0	761	103
101	78	Georgia-Pacific	467.0	2.0	917	88
102	122	Waste Management	464.2	41.9	766	102
103	99	Merrill Lynch	463.2	24.5	728	113
104	54	Allied-Signal	463.0	–22.4	879	94
105	110	Ralston Purina	458.1	27.3	673	121
106	101	Champion Intl	456.4	19.5	716	117
107	244	Intel	452.9	82.6	664	123
108	72	Duke Power	448.1	–10.4	1,081	62
109	96	FPL Group	447.8	11.1	1,064	66
110	■	PacifiCorp	446.7	8.7	949	83
111	130	Motorola	445.0	44.5	988	76
112	203	PNC Financial	442.7	116.1	511	160
113	61	American General	442.0	–18.1	442	193
114	93	NCR	439.3	4.8	736	111
115	89	Dominion Resources	438.4	1.8	936	86
116	111	Squibb	425.5	18.7	483	173
117	102	HJ Heinz	424.7	12.2	565	141
118	136	Warner Commun	423.2	41.9	606	131
119	87	Houston Industries	421.9	–6.3	737	110
120	282	Phelps Dodge	420.2	179.1	537	148

■ Not on 500 list in 1987 D-P Deficit to profit NM Not meaningful

The Forbes Profits 500

Rank 1988	Rank 1987	Company	Net profits ($mil)	Change over 1987 %	Cash flow ($mil)	Cash flow rank 1988
121	145	Apple Computer	419.3	49.6	504	164
122	90	Middle South Utils	411.0	13.3	802	98
123	174	Scott Paper	400.9	71.5	684	120
124	173	Berkshire Hathaway	399.3	70.2	429	201
125	178	Morgan Stanley	394.6	70.9	434	198
126	103	Teledyne	391.8	3.9	494	170
127	365	Bethlehem Steel	391.6	276.9	725	114
128	127	Schering-Plough	389.8	23.2	499	167
129	113	Gulf & Western	389.2	11.4	1,046	68
130	120	Baxter International	388.0	17.2	723	115
131	58	Xerox	387.9	32.9	1,172	54
132	146	Capital Cities/ABC	387.1	38.7	547	144
133	160	Quantum Chemical	382.7	52.1	528	155
134	85	General Dynamics	379.0	13.3	705	119
135	123	Kimberly-Clark	378.6	16.4	566	138
136	138	Sara Lee	376.9	25.6	588	134
137	170	Himont	375.0	65.3	419	203
138	157	Texas Instruments	366.3	14.0	756	105
139	124	Gannett	364.5	14.1	542	146
140	119	Archer-Daniels	364.4	10.0	565	140
141	121	Chubb	359.6	9.0	380	219
142	424	MCI Communications	356.0	356.4	905	92
143	142	Melville	354.5	24.2	442	194
144	131	Upjohn	353.4	15.9	456	186
145	190	Mead	352.7	61.6	553	143
146	126	St Paul Cos	352.6	10.6	396	212
147	37	Goodyear	350.1	-54.6	707	118
148	128	McDonnell Douglas	350.0	11.8	983	79
149	91	Transamerica	346.4	-18.9	539	147
150	175	Delta Air Lines	344.5	48.1	719	116
151	263	Stone Container	341.8	111.9	490	171
152	210	Gt Northern Nekoosa	341.7	70.3	529	154
153	137	Warner-Lambert	340.3	15.0	437	196
154	196	Banc One	340.2	62.9	399	210
155	228	Fleet/Norstar Finl	335.8	81.5	446	191
156	133	Pennsylvania P&L	332.0	9.8	622	127
157	152	Times Mirror	331.9	24.5	529	153
158	107	Central & So West	324.0	-12.9	599	132
159	■	Bank of Boston	322.3	NM	384	217
160	139	Tandy	321.3	10.9	393	213
161	179	Martin Marietta	319.8	38.6	518	158
162	165	AMP	319.1	27.8	478	177
163	■	Colgate-Palmolive	317.8	488.3	400	209
164	■	Continental Bank	315.8	D-P	347	237
165	231	Occidental Petroleum	313.0	70.1	1,433	36
166	150	Borden	311.9	16.8	485	172
167	166	Freeport-McMoRan	310.1	24.7	543	145
168	144	SunTrust Banks	308.7	9.2	398	211
169	151	Consolidated Rail	306.0	14.6	577	136
170	147	American Cyanamid	305.6	10.9	306	264
171	135	Baltimore G&E	303.4	1.1	503	165
172	148	Long Island Lighting	298.5	10.6	392	214
173	143	First Union	296.9	4.9	404	208
174	134	Marsh & McLennan Cos	296.3	1.9	377	222
175	199	Union Camp	295.1	42.3	496	169

Rank 1988	Rank 1987	Company	Net profits ($mil)	Change over 1987 %	Cash flow ($mil)	Cash flow rank 1988
176	222	Corning Glass Works	292.4	54.6	446	190
177	118	Union Electric	291.6	-12.7	592	133
178	234	Boise Cascade	289.1	58.0	477	179
179	112	CPC International	289.1	-18.5	470	182
180	163	Time Inc	289.0	15.6	511	159
181	189	Masco	288.3	31.8	363	230
182	162	FW Woolworth	288.0	14.7	460	185
183	183	Dayton Hudson	287.0	25.7	579	135
184	156	General Public Utils	283.8	9.5	562	142
185	306	Bank of New England	281.7	100.4	365	229
186	300	Salomon	280.0	97.2	322	253
187	■	Contel	276.1	NM	744	108
188	141	Textron	272.1	-5.8	477	178
189	225	CMS Energy	271.6	10.3	534	151
190	226	Washington Post	269.1	44.1	328	247
191	177	Safeco	268.6	6.2	307	263
192	180	Gillette	268.5	16.8	410	206
193	205	Toys "R" Us	268.0	31.4	323	252
194	264	Deere	267.6	66.2	453	187
195	168	TRW	260.6	7.2	610	130
196	195	Quaker Oats	259.2	23.9	387	216
197	155	Campbell Soup	258.8	-2.4	444	192
198	314	Compaq Computer	255.2	87.3	304	266
199	255	NCNB	252.5	51.3	334	242
200	344	Inland Steel Inds	248.8	122.8	384	218
201	193	Gt Western Financial	248.4	17.1	248	308
202	109	Fireman's Fund	247.0	-17.9	263	293
203	187	Household Intl	246.7	11.4	328	248
204	172	Limited	245.1	4.2	388	215
205	243	First Wachovia	244.3	38.3	297	271
206	212	Pitney Bowes	243.4	22.0	410	207
207	192	Sovran Financial	243.1	11.8	316	256
208	269	Shawmut National	242.5	52.6	342	240
209	215	James River Corp Va	239.8	22.5	479	175
210	293	Ashland Oil	239.6	63.9	505	163
211	242	Navistar Intl	236.5	29.2	289	274
212	230	Browning-Ferris Inds	235.7	27.8	470	183
213	182	Northeast Utilities	233.9	2.1	441	195
214	321	National City	233.2	80.3	283	277
215	185	Marriott	232.0	4.0	433	199
216	220	Humana	231.6	20.2	432	200
217	154	USF&G	231.5	12.7	265	290
218	219	Ethyl	231.0	19.5	333	243
219	217	Rohm & Haas	230.1	18.0	358	233
220	207	Eaton	230.0	14.3	355	234
221	60	SmithKline Beckman	229.2	-59.8	450	188
222	265	WR Grace	228.8	42.5	510	161
223	206	Dow Jones	228.2	12.4	368	227
224	■	Sterling Chemicals	227.4	186.5	246	309
225	261	NBD Bancorp	227.2	40.0	278	282
226	340	Cincinnati G&E	226.9	99.1	316	255
227	216	Barnett Banks	226.4	19.9	311	261
228	236	Student Loan	225.1	24.3	225	329
229	245	Cooper Industries	224.4	29.1	379	220
230	186	Kemper	223.8	11.0	224	331

■ Not on 500 list in 1987 D-P Deficit to profit NM Not meaningful

The Forbes Profits 500

Rank 1988	Rank 1987	Company	Net profits ($mil)	Change over 1987 %	Cash flow ($mil)	Cash flow rank 1988
231	262	Midlantic	222.9	38.0	261	297
232	161	Pacific Enterprises	222.0	–11.6	533	152
233	239	Air Prods & Chems	219.5	22.2	478	176
234	94	Ohio Edison	218.9	–47.0	526	156
235	202	No States Power	214.8	4.8	497	168
236	288	Hershey Foods	213.9	44.4	266	288
237	301	Amdahl	213.8	50.6	326	250
238	367	Bank of New York	213.0	106.0	272	284
239	267	Westvaco	211.4	28.7	355	235
240	■	Norwest	211.2	D-P	263	294
241	198	Potomac Electric	211.1	1.4	332	244
242	304	Tribune	210.4	48.7	327	249
243	249	Federal Express	210.1	22.9	535	150
244	159	Whitman	209.8	–16.6	312	260
245	■	Niagara Mohawk Power	208.8	261.4	447	189
246	197	Asarco	207.2	–19.2	266	287
247	108	Burlington Northern	207.2	15.8	567	137
248	270	Citizens & Southern	206.3	30.6	279	281
249	191	RR Donnelley & Sons	205.3	–5.9	367	228
250	200	Allegheny Power	205.1	–0.9	371	224
251	241	First Executive	204.5	15.0	205	351
252	211	HF Ahmanson	202.8	–4.9	300	268
253	318	Bear Stearns Cos	199.2	118.9	199	360
254	305	Temple-Inland	199.2	40.9	314	257
255	188	Owens-Corning	197.0	–10.5	314	258
256	115	Carolina Power & Lt	196.8	–43.6	537	149
257	276	Carnival Cruise Lines	196.4	28.5	224	330
258	400	Georgia Gulf	193.6	111.0	209	341
259	252	Brunswick	193.1	14.4	341	241
260	447	BF Goodrich	193.0	143.7	289	275
261	227	Consol Natural Gas	192.9	3.7	435	197
262	248	Capital Holding	189.9	6.3	213	339
263	240	San Diego G&E	189.4	5.7	362	231
264	259	Geico	189.0	6.3	199	359
265	257	McGraw-Hill	185.5	12.6	252	304
266	251	Wisconsin Energy	183.2	8.1	313	259
267	287	Genuine Parts	181.4	22.3	206	349
268	325	Marion Laboratories	181.0	44.6	209	343
269	208	Torchmark	180.1	–10.4	197	366
270	223	Florida Progress	179.8	–4.3	370	226
271	273	Aon	179.5	15.0	232	320
272	260	CoreStates Financial	179.5	10.6	230	323
273	■	Wheeling-Pittsburgh	178.8	243.0	230	322
274	■	Pennwalt	178.7	240.7	233	318
275	116	Newmont Mining	178.4	–47.2	219	337
276	284	Automatic Data	178.2	19.0	296	272
277	342	Paccar	175.8	56.3	226	328
278	238	VF	173.7	–3.4	263	295
279	281	Litton Industries	172.8	14.4	372	223
280	290	ConAgra	171.7	6.5	263	292
281	■	NY State E&G	171.5	227.6	306	265
282	285	MNC Financial	170.2	14.4	209	342
283	■	Cyprus Minerals	170.0	NM	243	310
284	■	Republic New York	169.7	413.5	206	350
285	266	New York Times	167.7	4.6	258	300
286	383	Texas Eastern	166.9	73.8	427	202
287	414	Alco Standard	166.3	88.9	215	338
288	315	Becton Dickinson	165.1	21.6	279	280
289	218	USAir Group	165.0	–15.2	417	205
290	313	MCA	164.9	20.2	985	78
291	483	Aristech Chemical	164.5	136.0	197	367
292	439	Bowater	164.3	102.5	262	296
293	283	Armstrong World Inds	162.7	8.2	272	285
294	324	Albertson's	162.5	29.6	251	306
295	297	Dana	162.2	28.4	326	251
296	317	UST Inc	162.2	23.9	180	390
297	■	Primerica	161.8	NM	162	410
298	355	Ingersoll-Rand	161.6	49.7	238	314
299	328	Willamette Inds	161.1	32.8	257	301
300	278	Morton Thiokol	159.7	4.7	264	291
301	277	Maytag	158.6	3.8	193	374
302	341	Coastal Corp	157.4	39.2	469	184
303	291	Cray Research	156.6	6.5	240	313
304	274	Knight-Ridder	156.4	0.8	251	305
305	140	Illinois Power	155.4	–46.3	349	236
306	309	So N England Telecom	155.4	11.2	370	225
307	307	GlenFed	153.7	27.5	209	344
308	412	Coca-Cola Enterprises	152.6	72.7	378	221
309	■	Signet Banking	152.5	NM	179	391
310	434	National Medical	152.4	86.3	301	267
311	393	Microsoft	151.4	62.9	171	394
312	385	Consolidated Papers	149.9	56.5	195	369
313	88	CSX	147.0	–66.0	614	129
314	171	Lincoln National	146.7	–38.1	184	384
315	343	Dover	145.8	30.5	220	335
316	399	Jefferson Smurfit	144.5	57.1	181	388
317	319	Mercantile Stores	144.5	11.5	192	375
318	286	Deluxe Corp	143.4	–3.5	203	353
319	464	Federal Paper Board	143.3	93.7	202	356
320	446	Computer Associates	142.4	79.7	213	340
321	354	Brown-Forman	142.2	31.6	173	393
322	358	Illinois Tool Works	140.0	31.9	202	355
323	■	NIKE	139.8	135.5	155	422
324	329	Clorox	138.5	14.5	184	382
325	279	Golden West Finl	138.3	–10.1	164	404
326	339	Oklahoma G&E	137.8	20.9	236	317
327	280	Duquesne Light	137.4	–9.2	291	273
328	256	Reebok International	137.0	–17.1	160	412
329	333	Vulcan Materials	136.0	17.0	222	334
330	426	Dresser Industries	135.7	60.8	232	321
331	326	Louisiana-Pacific	135.2	13.8	280	278
332	331	Alexander & Baldwin	135.1	12.3	183	385
333	368	NWA	135.1	31.1	471	181
334	350	Walgreen	135.0	23.7	195	370
335	254	CalFed	134.8	–19.2	253	303
335	388	UNUM Corp	134.8	42.2	142	437
337	224	Ryder System	134.7	–28.0	738	109
338	432	American Petrofina	132.9	59.6	318	254
339	438	Lubrizol	131.2	61.3	182	387
340	308	Hilton Hotels	130.9	–6.4	195	371

■ Not on 500 list in 1987 D-P Deficit to profit NM Not meaningful

The Forbes Profits 500

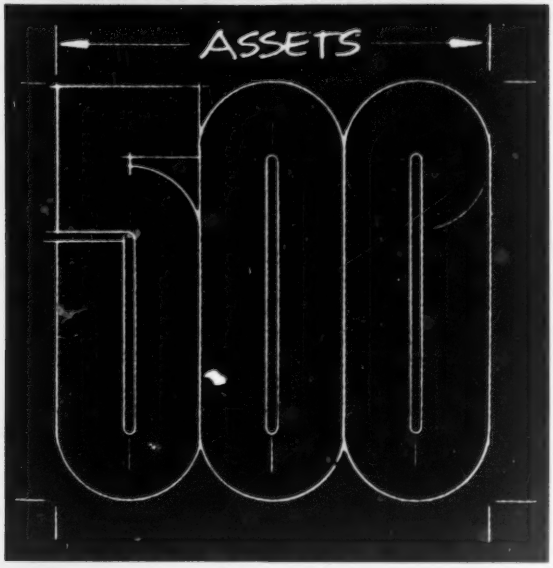
Rank 1988	Rank 1987	Company	Net profits ($mil)	Change over 1987 %	Cash flow ($mil)	Cash flow rank 1988
341	■	Enron	130.2	D-P	519	157
342	448	Rexene	129.6	66.1	150	429
343	352	Super Valu Stores	129.5	19.2	243	311
344	221	FMC	129.2	-32.4	329	246
345	322	Tucson Electric	128.9	-4.7	173	392
346	392	Cincinnati Financial	128.7	38.2	136	444
347	356	Intl Flavors & Frags	128.7	20.2	151	427
348	337	Winn-Dixie Stores	128.3	12.0	270	286
349	330	Puget Sound P&L	128.2	6.5	226	327
350	469	Ohio Casualty	128.0	63.0	136	446
351	366	Great A&P Tea	127.6	23.3	286	276
352	357	Emhart	126.6	18.9	219	336
353	272	Centel	126.3	-19.6	307	262
354	204	USG	125.4	-38.6	208	346
355	362	Alltel	125.0	19.8	280	279
356	298	Public Service Colo	125.0	-13.0	241	312
357	407	DPL	124.7	39.3	186	380
358	181	Amerada Hess	124.2	-46.0	566	139
359	■	IMC Fertilizer Group	124.0	113.1	207	348
360	376	US Bancorp	123.9	24.4	156	421
361	■	Vista Chemical	123.8	491.7	159	416
362	394	Nordstrom	123.3	33.0	184	383
363	473	Premark Intl	121.2	69.5	197	365
364	320	Scana	120.7	-6.3	233	319
365	348	TECO Energy	120.6	9.0	227	326
366	36	Hercules	120.4	-85.3	265	289
367	345	Hanover Insurance	119.9	7.4	120	471
368	441	KeyCorp	119.9	49.9	158	417
369	346	Columbia Gas System	119.0	6.9	332	245
370	349	Square D	118.9	8.1	183	386
371	169	Gulf States Utils	117.5	-51.3	342	239
372	450	Arkla	117.3	185.8	253	302
373	336	Holiday	117.2	2.1	249	307
374	■	Mapco	117.1	104.6	188	377
375	295	PSI Holdings	116.6	-19.7	208	347
376	370	United Jersey Banks	116.1	34.0	133	450
377	401	Dillard Dept Stores	113.8	24.8	187	378
378	411	Snap-on Tools	113.3	27.9	132	453
379	462	Consol Freightways	113.2	51.7	229	324
380	340	Interco	112.7	-19.2	170	396
381	421	Food Lion	112.5	31.2	162	409
382	416	Potlatch	112.4	28.2	185	381
383	379	Castle & Cooke	112.3	15.2	153	424
384	474	Comerica	112.0	56.8	132	452
385	373	HomeFed	111.3	11.0	141	438
386	338	Liz Claiborne	110.3	-3.6	123	463
387	427	Kerr-McGee	110.0	31.0	418	204
388	■	Firstar	109.9	D-P	133	449
389	■	Nucor	109.4	116.6	166	402
390	■	Union Texas Petrol	109.3	95.4	259	298
391	■	Northern Trust	109.3	D-P	137	443
392	372	American Family	108.9	6.7	109	481
393	403	WW Grainger	108.8	20.2	137	442
394	■	Allegheny Ludlum	108.6	135.0	128	457
395	395	Parker-Hannifin	108.4	18.2	198	362
396	406	Progressive	108.1	20.4	121	469
397	436	Price Co	107.2	24.8	124	462
398	428	Nicor	106.1	26.7	223	333
399	440	Nalco Chemical	106.0	32.0	153	425
400	364	Kansas City P&L	105.7	1.6	202	354
401	299	Beneficial Corp	105.0	-25.4	149	433
402	363	Southwestern Pub Svc	104.9	0.8	160	415
403	374	CrossLand Savings FSB	104.8	8.7	149	432
404	381	Johnson Controls	104.6	8.3	229	325
405	497	Black & Decker	104.3	62.3	198	364
406	390	Northrop	104.2	10.6	345	238
407	435	General Cinema	104.2	27.7	180	389
408	■	Ameritrust	103.5	D-P	103	487
409	418	Stanley Works	103.5	19.4	167	400
410	493	Nipsco Industries	103.4	59.2	258	299
411	■	Penn Central	103.4	185.6	139	440
412	132	Travelers	103.3	-72.4	187	379
413	■	Great Lakes Chemical	103.3	86.0	136	447
414	405	Raychem	102.8	14.5	169	399
415	■	First Interstate Bncp	102.4	D-P	277	283
416	371	Tandem Computers	102.1	-0.1	198	363
417	250	Argonaut Group	101.8	-40.4	102	490
418	359	Armco	101.3	-3.9	192	376
419	289	Jefferson-Pilot	101.2	-31.5	117	473
420	382	Sherwin-Williams	101.1	4.7	140	439
421	402	Society	100.1	10.0	122	468
422	425	Rubbermaid	99.3	17.5	147	436
423	490	Longview Fibre	99.2	46.9	134	448
424	408	Ipalco Enterprises	99.0	10.9	171	395
425	275	American Stores	98.3	-36.3	359	232
426	453	Olin	98.0	25.6	98	492
426	404	Williams Cos	98.0	8.5	224	332
428	500	Giant Food	98.0	29.6	160	414
429	422	Bausch & Lomb	97.9	14.7	139	441
430	409	McKesson	97.7	10.1	157	420
431	454	Portland General	97.3	24.8	200	358
432	491	Sysco	96.8	44.1	157	419
433	■	Sonoco Products	96.3	56.6	165	403
434	■	Manufacturers Natl	96.3	NM	113	476
435	■	Comdisco	96.0	221.4	502	166
436	258	Manville	96.0	-41.5	194	373
437	316	Rite Aid	95.3	-28.7	169	397
438	429	Medtronic	95.0	13.6	128	458
439	■	CNW	94.2	214.0	148	435
440	397	American Natl Ins	94.2	2.3	104	486
441	235	Whirlpool	94.1	-48.0	237	316
442	471	Lafarge	93.5	30.3	160	413
443	413	Crown Cork & Seal	93.4	5.8	151	428
444	■	Greyhound	93.3	198.0	194	372
445	465	Michigan National	93.2	26.0	127	459
446	■	Fuqua Industries	92.7	47.2	120	470
447	433	State Street Boston	92.3	11.1	110	480
448	463	MBIA	92.0	23.8	96	494
449	391	Provident Life & Acc	91.1	-3.1	125	461
450	384	Dreyfus	90.9	-5.1	94	495

■ Not on 500 list in 1987 D-P Deficit to profit NM Not meaningful

Rank 1988	Rank 1987	Company	Net profits ($mil)	Change over 1987 %	Cash flow ($mil)	Cash flow rank 1988
451	449	National Service	90.2	10.9	122	466
452	468	H&R Block	90.2	23.9	117	474
453	■	Sun Microsystems	89.6	82.9	167	401
454	451	First of America Bank	88.8	13.5	112	478
455	487	BayBanks	88.5	27.6	113	477
456	481	Intergraph	88.0	25.9	122	465
457	459	Trinova	87.8	16.9	148	434
458	■	Huntington Bcshs	87.6	83.1	107	483
459	247	Home Group	87.5	–49.2	88	500
460	478	Wm Wrigley Jr	87.2	24.4	110	479
461	■	Crestar Financial	86.7	52.8	119	472
462	■	Grumman	86.5	NM	200	357
463	477	Central Ill Pub Svc	86.2	22.7	149	431
464	444	Meridian Bancorp	86.1	8.2	107	482
465	455	Tambrands	85.3	11.3	99	491
466	485	Loral	85.2	22.5	161	411
467	■	Norton	85.2	38.3	133	451
468	457	Louisville G&E	85.0	11.7	136	445
469	442	Delmarva Power & Lt	84.7	6.2	163	408
470	361	Sonat	84.7	–19.4	237	315
471	■	Halliburton	84.6	75.9	297	269
472	496	Cincinnati Bell	84.3	31.1	199	361
473	■	General Instrument	84.3	D/P	163	407
474	377	Boston Edison	84.2	–13.8	208	345
475	■	Fifth Third Bancorp	84.2	40.2	93	497
476	479	Tyson Foods	83.5	19.2	155	423
477	■	MA Hanna	83.2	129.4	117	475
478	476	Dominion Bankshares	83.0	17.7	107	484
479	458	Weis Markets	82.6	8.7	102	489
480	■	Peoples Energy	82.6	43.9	130	456
481	■	PH Glatfelter	82.2	49.4	105	485
482	417	LIN Broadcasting	82.1	–6.1	96	493
483	398	Intl Minerals & Chem	82.1	–10.8	152	426
483	■	Masco Industries	82.1	81.5	163	406
485	■	Tyco Laboratories	82.0	136.4	125	460
486	448	American President	81.3	2.8	169	398
487	■	Valhi	80.6	344.2	197	368
488	■	Pioneer Hi-Bred Intl	80.6	79.4	130	455
489	■	Roadway Services	80.2	58.9	204	352
490	■	AmSouth Bancorp	79.8	32.5	94	496
491	410	Kansas Power & Light	79.8	–10.0	150	430
492	467	Kentucky Utilities	79.3	7.7	131	454
493	■	CR Bard	78.7	26.4	102	488
494	387	United Illuminating	78.6	NM	122	466
495	■	Avery International	77.7	123.7	123	464
496	378	Kansas Gas & Elec	77.2	6.7	158	418
497	■	Old Kent Financial	77.1	21.7	88	499
498	456	West Point-Pepperell	77.1	0.6	164	405
499	■	Home Depot	76.8	41.9	91	498
500	360	American Medical	76.5	–27.2	297	270

■ Not on 500 list in 1987 D/P Deficit to profit NM Not meaningful

The Forbes Assets 500



An accounting change helped total assets of the 500 largest corporations in America climb 10%, to $6.6 trillion.

AT FIRST BLUSH, the asset tabulation seems to prove that the big are getting bigger. Total assets of the 500 largest companies amounted to $6.6 trillion at the end of 1988, a 10% rise from the year-earlier figure, considerably ahead of the 4.4% inflation rate. This in spite of the fact that some big piles of assets were removed in takeovers: RJR Nabisco's $16.9 billion left in a leveraged buyout of 97% of its stock in February, and Pillsbury's $4.2 billion moved over to Grand Metropolitan, not included below because it is a foreign firm. Kraft's $5.5 billion in assets, on the other hand, were added to those of its new owner, Philip Morris, number 34.

Much of that 10% gain, however, stems from Federal Accounting Standards Board ruling 94, which requires majority-owned subsidiaries to be fully consolidated. Because of this accounting change General Motors and Ford, which first consolidated their finance subsidiaries in their 1988 annual reports, are now ranked second and third, respectively. Consolidation accounted for almost all of GM's jump from $90.5 billion to $163.8 billion in assets.

Previous-year results have also been restated to reflect the new accounting standard. Even with restatements Ford's assets rose 23.7% over 1987. In 1987 Ford's assets were 70% of General Motors'; this figure has now climbed to 87%.

Rank 1988	Rank 1987	Company	Assets ($mil)	Change over 1987 %
1	1	Citicorp	207,666	2.1
2	6	General Motors	163,820	0.9
3	16	Ford Motor	143,150	23.7
4	2	American Express	142,704	22.6
5	3	Fedl Natl Mortgage	112,258	8.5

The first 100 corporations listed below represent over 60% of the total assets of the top 500 firms. With assets of $207.6 billion, Citicorp is in first place for the fifth consecutive year. In 500th place is Kansas City Power & Light, which lists $2.6 billion on its balance sheet. Last year it took $2.6 billion to get on the list.

Lone Star Technologies, Kinder-Care and Hawaiian Electric all diversified into banking and qualified for the Assets 500 for the first time. UAL, parent company of United Air Lines, continued on its restructuring program and trimmed assets 18.5%—but that didn't hurt profits; see the table that begins on page 184.

Winners

The winners in asset growth

Rank 1988	Rank 1987	Company	Assets ($mil)	Change over 1987 %
437	■	Lone Star Technologies	3,267	378.7
112	339	Primerica	14,435	235.2
264	■	Kinder-Care	5,984	208.3
108	242	Union Bank	15,010	147.6
498	■	Hawaiian Electric	2,683	109.8

■ Not on 500 list in 1987

Losers

The laggards in asset growth

Rank 1988	Rank 1987	Company	Assets ($mil)	Change over 1987 %
235	125	Santa Fe Southern	6,824	–42.0
482	■	Henley Group	2,833	–37.1
187	117	Sun Company	8,616	–31.5
254	136	Burlington Northern	6,330	–28.9
416	310	Whitman	3,486	–28.4

Rank 1988	Rank 1987	Company	Assets ($mil)	Change over 1987 %
6	26	General Electric	110,865	16.2
7	4	Chase Manhattan	97,455	1.7
8	5	BankAmerica	94,647	2.0
9	10	Salomon	85,256	14.1
10	9	JP Morgan & Co	83,923	11.3
11	14	Aetna Life & Cas	81,415	7.4
12	8	Sears, Roebuck	77,952	3.9
13	13	Security Pacific	77,870	6.9
14	11	Exxon	74,293	0.3
15	15	IBM	73,037	4.3
16	7	Chemical Banking	67,349	13.9
17	12	Mfrs Hanover	66,710	-9.1
18	18	Merrill Lynch	64,403	16.7
19	20	First Interstate Bncp	58,194	14.4
20	17	Bankers Trust NY	57,942	2.5
21	19	Cigna	55,825	4.4
22	21	Travelers	53,332	-0.6
23	78	Chrysler	48,562	13.6
24	62	Bank of New York	47,388	105.5
25	23	Wells Fargo	46,617	5.5
26	22	First Chicago	44,432	0.5
27	25	ITT	41,941	9.5
28	35	PNC Financial	40,811	29.8
29	39	Morgan Stanley	40,527	7.3
30	37	HF Ahmanson	40,258	32.0
31	24	Mobil	38,820	-3.6
32	38	Bear Stearns Cos	37,901	25.2
33	47	American Intl Group	37,409	34.0
34	81	Philip Morris Cos	36,960	72.4
35	30	Bank of Boston	36,061	5.7
36	27	American Tel & Tel	35,352	-8.5
37	29	Chevron	33,968	-1.4
38	44	Gt Western Financial	32,815	15.1
39	40	Bank of New England	32,200	9.2
40	36	Mellon Bank	31,153	2.1
41	43	GTE	31,104	8.2
42	45	El du Pont	30,719	8.9
43	34	Continental Bank	30,578	-5.6
44	46	American General	30,422	19.6
45	53	Amoco	29,919	20.5
46	41	NCNB	29,848	3.2
47	42	First Fidelity Bncp	29,777	3.2
48	50	SunTrust Banks	29,177	7.3
49	55	Fleet/Norstar Finl	29,052	18.4
50	48	First Union	28,978	4.9
51	63	Student Loan	28,628	25.2
52	49	BellSouth	28,472	3.9
53	52	Shawmut National	28,414	7.3
54	54	CalFed	27,482	11.8
55	60	Transamerica	26,759	14.8
56	57	Xerox	26,441	17.8
57	31	Texaco	26,337	-22.5
58	67	Loews	25,830	16.3
59	58	Barnett Banks	25,748	9.8
60	64	Nynex	25,378	11.4
61	85	Banc One	25,274	34.9
62	61	GlenFed	25,025	6.1
63	71	Bell Atlantic	24,729	5.0
64	66	Republic New York	24,519	9.5
65	51	First Bank System	24,248	-9.7
66	59	NBD Bancorp	24,176	3.5
67	103	Eastman Kodak	22,960	58.9
68	72	Sovran Financial	22,484	5.9
69	82	US West	22,416	17.4
70	70	Southern Company	22,288	1.8
71	80	First Wachovia	21,815	12.8
72	74	Norwest	21,750	4.8
73	■	National City	21,623	7.9
74	65	Atlantic Richfield	21,514	-6.0
75	73	Pacific Telesis	21,191	-1.0
76	75	Citizens & Southern	21,098	3.2
77	68	Pacific G&E	21,068	-3.1
78	89	Household Intl	21,032	25.6
79	69	Southwestern Bell	20,985	-2.4
80	87	Lincoln National	20,964	16.4
81	91	Occidental Petroleum	20,747	23.9
82	76	Commonwealth Ed	20,196	-0.4
83	88	Midlantic	19,697	10.7
84	79	USX	19,474	-0.4
85	84	Ameritech	19,163	2.0
86	77	MCorp	18,743	-13.4
87	93	First Executive	18,225	11.1
88	92	MNC Financial	18,015	8.1
89	112	PaineWebber Group	17,934	38.4
90	97	Gulf & Western	17,752	16.9
91	86	Tenneco	17,376	-6.1
92	83	Meritor Financial	17,172	-9.7
93	105	HomeFed	17,009	20.6
94	154	Westinghouse	16,937	11.5
95	116	Golden West Finl	16,721	30.7
96	100	CoreStates Financial	16,431	9.3
97	104	Dow Chemical	16,239	13.1
98	95	Gt Am First Savings	16,084	5.5
99	107	Texas Utilities	16,058	14.8
100	94	Middle South Utils	15,916	4.1
101	96	Procter & Gamble	15,793	4.0
102	99	SCEcorp	15,781	4.7
103	115	Southeast Banking	15,623	21.7
104	113	Weyerhaeuser	15,387	19.1
105	108	CrossLand Savings	15,144	9.9
106	114	Pinnacle West	15,054	14.5
107	101	Gibraltar Financial	15,011	0.2
108	242	Union Bank	15,010	147.6
109	98	Goldome	14,963	-1.3
110	■	Boatmen's Bancshares	14,676	-3.0
111	127	KeyCorp	14,646	26.3
112	339	Primerica	14,435	235.2
113	109	US Bancorp	14,383	7.7
114	106	American Electric	14,262	1.8
115	233	Home Group	13,302	106.6
116	119	Continental Corp	13,302	9.5
117	110	CSX	13,026	-1.5
118	146	Capital Holding	12,963	24.8
119	122	United Technologies	12,748	6.9
120	132	Columbia S&L Assn	12,744	13.4
121	121	Coast S&L Assn	12,647	5.8
122	118	Boeing	12,608	0.3
123	126	Textron	12,554	9.6
124	149	USF&G	12,361	21.9
125	139	Imperial Corp of Am	12,263	12.8
126	142	JC Penney	12,254	4.4
127	138	Union Pacific	12,228	12.0
128	128	American Brands	12,201	7.9
129	■	First City Bncp Texas	12,195	NA
130	135	K mart	12,126	9.2
131	144	Kemper	12,078	12.4
132	137	Dime Savings Bank	12,007	9.9
133	120	Phillips Petroleum	11,968	-1.2
134	123	First Federal Mich	11,942	0.5
135	179	McDonnell Douglas	11,885	11.9
136	133	Philadelphia Elec	11,863	5.8
137	131	FPL Group	11,793	5.0
138	129	Valley National	11,766	4.1
139	140	Pub Svc Enterprise	11,690	7.7
140	130	Centerior Energy	11,573	2.6
141	153	Unisys	11,535	8.9
142	■	PacifiCorp	11,396	10.6
143	183	Michigan National	11,306	33.3
144	141	Empire of America	11,281	4.0
145	161	Fireman's Fund	11,190	6.3
146	151	Comerica	11,145	10.2
147	171	PepsiCo	11,135	23.4
148	145	Signet Banking	11,002	2.6
149	150	United Jersey Banks	10,888	24.4
150	147	Ameritrust	10,738	3.9
151	162	Provident Life & Acc	10,722	13.4
152	143	CityFed Financial	10,585	-2.1
153	155	Alcoa	10,538	6.4
154	158	Crestar Financial	10,408	6.9
155	186	St Paul Cos	10,382	23.6
156	160	Dominion Resources	10,282	6.5
157	164	Digital Equipment	10,231	8.6
158	159	Houston Industries	10,207	6.2
159	191	CenTrust Savings	10,165	24.2
160	134	Detroit Edison	10,060	-9.8
161	157	Norfolk Southern	10,059	2.3
162	170	Society	10,010	10.3
163	148	Allied-Signal	10,005	-2.2
164	167	Northern Trust	9,904	6.2
165	227	United Telecom	9,817	49.7
166	175	First of America Bank	9,769	12.6
167	177	Chubb	9,741	13.1
168	185	AMR	9,722	15.2
169	219	Caterpillar	9,686	41.1
170	180	Standard Fedl Bank	9,573	12.4

■ Not on 500 list in 1987 NA: Not available

The Forbes Assets 500

Rank 1988	Rank 1987	Company	Assets ($mil)	Change over 1987 %
171	165	Consolidated Edison	9,552	1.5
172	188	Meridian Bancorp	9,523	13.5
173	152	Unocal	9,508	-5.5
174	172	Huntington Bcshs	9,506	7.6
175	182	BayBanks	9,496	11.6
176	174	International Paper	9,462	8.6
177	163	General Re	9,394	-0.5
178	169	Manufacturers Natl	9,311	2.6
179	173	ICH	9,294	6.7
180	202	Dominion Bankshares	9,204	21.1
181	211	Reliance Group	9,045	26.0
182	192	Minn Mining & Mfg	8,922	8.5
183	181	Duke Power	8,891	4.5
184	197	Enron	8,695	-8.8
185	196	Southmark	8,661	11.3
186	187	Goodyear	8,618	2.6
187	117	Sun Company	8,616	-31.5
188	200	Baxter International	8,550	11.9
189	184	Monsanto	8,461	0.1
190	195	Union Carbide	8,441	7.0
191	178	Rockwell Intl	8,406	-2.2
192	198	Anchor Savings Bank	8,402	9.8
193	215	State Street Boston	8,372	20.4
194	168	Long Island Lighting	8,326	-10.7
195	204	AmSouth Bancorp	8,313	10.4
196	166	CMS Energy	8,305	3.9
197	213	Aon	8,266	16.7
198	206	Northeast Savings FA	8,207	11.4
199	214	McDonald's	8,159	16.9
200	176	Texas Air	8,147	-5.7
201	239	May Dept Stores	8,144	31.8
202	205	UNUM Corp	8,127	10.3
203	201	Central & So West	8,110	6.4
204	207	Atlantic Financial	7,940	7.9
205	244	Integrated Resources	7,870	25.9
206	193	Coastal Corp	7,865	-1.6
207	232	Old Kent Financial	7,854	21.7
208	209	Firstar	7,842	8.1
209	203	Florida Natl Banks	7,828	3.6
210	208	Hewlett-Packard	7,804	1.6
211	226	Safeco	7,732	16.9
212	217	Pfizer	7,638	10.3
213	237	Tele-Communications	7,618	22.9
214	194	Ohio Edison	7,556	-4.4
215	218	Beneficial Corp	7,535	7.1
216	210	Pennsylvania P&L	7,525	0.9
217	199	Carolina Power & Lt	7,504	-1.9
218	189	Coca-Cola	7,451	-13.4
219	220	Consolidated Rail	7,224	6.3
220	231	First American	7,204	10.9
221	269	First Capital Holding	7,177	34.1
222	228	Johnson & Johnson	7,119	8.8
223	251	Georgia-Pacific	7,115	21.2
224	386	American Stores	7,112	92.0
225	230	Anheuser-Busch Cos	7,110	8.6
226	221	Niagara Mohawk Pwr	7,076	4.1
227	293	Wal-Mart Stores	7,032	18.4
228	229	Lomas Financial	7,004	7.4
229	222	Riggs National	7,002	3.2
230	304	American Continental	6,944	40.3
231	■	Integra Financial	6,927	4.9
232	246	Commercial Federal	6,883	14.7
233	301	Pacific Enterprises	6,866	34.2
234	224	Gulf States Utils	6,858	2.7
235	125	Santa Fe Southern	6,824	-42.0
236	276	Berkshire Hathaway	6,817	16.3
237	263	Marshall & Ilsley	6,775	21.9
238	225	Northeast Utilities	6,765	1.5
239	281	Motorola	6,710	26.1
240	190	UAL	6,701	-18.5
241	240	Champion Intl	6,700	8.4
242	248	SouthTrust	6,645	12.2
243	234	Lockheed	6,643	2.8
244	253	Bancorp Hawaii	6,635	13.9
245	■	Broad Inc	6,632	32.1
246	322	Pacific First Finl	6,621	47.1
247	241	Dayton Hudson	6,523	7.4
248	223	Mercantile Bancorp	6,459	-4.5
249	235	General Public Utils	6,415	2.2
250	254	First Pennsylvania	6,407	10.4
251	257	American Capital	6,403	11.3
252	259	Washington Mutual	6,364	11.5
253	245	Talman Home Federal	6,337	4.8
254	136	Burlington Northern	6,330	-28.9
255	251	People's Bank	6,321	11.0
256	314	Perpetual Financial	6,173	29.1
257	260	LTV	6,163	8.0
258	261	Merck	6,128	7.9
259	299	General Dynamics	6,118	10.2
260	278	Capital Cities/ABC	6,089	13.2
261	300	American Family	6,074	20.7
262	249	Illinois Power	6,053	2.2
263	255	Ryder System	6,039	4.6
264	■	Kinder-Care	5,984	208.3
265	279	Marriott	5,981	11.4
266	256	First Tennessee Natl	5,972	3.6
267	272	Trustcorp	5,969	10.3
268	270	Indiana National	5,927	8.6
269	290	First Empire State	5,908	14.1
270	265	Contel	5,865	4.9
271	276	MCI Commun	5,843	8.6
272	312	Hibernia	5,834	20.4
273	247	Union Electric	5,827	-2.2
274	273	Delta Air Lines	5,816	7.6
275	266	United Banks of Colo	5,812	5.6
276	285	Monarch Capital	5,805	6.2
277	264	Homestead Financial	5,756	4.4
278	376	Walt Disney	5,751	50.1
279	274	Banco Popular PR	5,707	5.9
280	294	Deere	5,703	11.5
281	298	Sara Lee	5,663	12.3
282	320	First National Cinc	5,657	24.8
283	306	South Carolina Natl	5,655	15.0
284	243	Western S&L	5,650	-6.6
285	271	Columbia Gas System	5,641	3.9
286	■	Burlington Resources	5,589	6.5
287	308	Benj Franklin S&L	5,469	11.6
288	296	Texas Eastern	5,444	7.3
289	284	Commerce Bcshs	5,444	3.3
290	311	James River Corp Va	5,402	11.1
291	282	Amerada Hess	5,372	1.3
292	286	USAir Group	5,349	1.8
293	307	Emerson Electric	5,327	5.0
294	325	WR Grace	5,310	18.7
295	287	Eli Lilly	5,263	0.1
296	252	TCF Financial	5,259	-10.2
297	348	Merchants National	5,256	25.2
298	337	Ethyl	5,251	20.2
299	360	Fifth Third Bancorp	5,246	29.5
300	297	Equitable Bancorp	5,245	3.6
301	309	Howard Savings Bank	5,221	7.0
302	316	Bristol-Myers	5,190	9.7
303	332	First Alabama Bcshs	5,174	17.8
304	295	First Security	5,159	1.7
305	324	Scott Paper	5,156	15.1
306	302	PPG Industries	5,154	3.3
307	319	NWNL	5,141	12.7
308	305	First Florida Banks	5,132	4.1
309	321	Baltimore G&E	5,126	13.7
310	313	Teledyne	5,125	3.8
311	283	Honeywell	5,089	-3.7
312	267	Florida Federal	5,063	-7.8
313	289	Greyhound	5,034	-0.4
314	338	Reynolds Metals	5,032	16.6
315	411	Dun & Bradstreet	5,024	51.5
316	327	SmithKline Beckman	5,017	12.8
317	280	Fin Cp Santa Barbara	5,013	-6.3
318	303	Litton Industries	4,962	-0.1
319	330	Time Inc	4,947	11.8
320	■	PHM Corp	4,900	30.9
321	353	Bank South	4,881	18.0
322	405	Waste Management	4,879	45.6
323	333	Abbott Laboratories	4,825	10.0
324	318	Archer-Daniels	4,817	5.1
325	328	First Virginia Banks	4,796	8.2
326	■	Pitney Bowes	4,788	19.2
327	468	Dana	4,786	-2.6
328	389	Far West Financial	4,760	28.0
329	357	Raytheon	4,740	16.7
330	342	Central Fidelity Bks	4,731	10.4
331	418	Halliburton	4,722	10.5
332	350	NCR	4,717	3.9
333	356	Seamen's	4,708	14.2
334	323	NY State E&G	4,693	4.6
335	344	Coca-Cola Enterprises	4,669	9.9

■ Not on 500 list in 1987

The Forbes Assets 500

Rank 1988	Rank 1987	Company	Assets ($mil)	Change over 1987 %
336	378	Citadel Holding	4,642	21.5
337	335	AmeriFirst Bank	4,629	6.4
338	317	American Home Prods	4,611	0.0
339	326	Kroger	4,600	3.1
340	370	Warner Commun	4,598	18.0
341	355	American Cyanamid	4,593	11.2
342	■	Citizens Savings	4,576	52.6
343	359	American Savings	4,536	16.6
344	454	SFFed Corp	4,499	54.5
345	331	No States Power	4,496	2.1
346	413	Pennzoil	4,480	35.6
347	315	Bethlehem Steel	4,449	-6.8
348	329	Old Stone	4,448	0.7
349	334	TRW	4,442	1.5
350	351	Borden	4,440	6.8
351	345	Torchmark	4,428	4.4
352	343	Texas Instruments	4,428	11.9
353	369	CBS	4,407	12.7
354	380	Cooper Industries	4,384	15.4
355	291	Texas American Bcshs	4,383	-15.2
356	364	BB&T Financial	4,377	9.8
357	347	NWA	4,372	3.6
358	340	Allegheny Power	4,334	0.7
359	426	Downey S&L Assn	4,333	36.4
360	358	Ashland Oil	4,322	6.5
361	354	Florida Progress	4,304	4.2
362	352	American Natl Ins	4,303	3.8
363	400	City National	4,296	23.3
364	362	PHH Corp	4,292	7.5
365	372	Kimberly-Clark	4,268	9.8
366	417	Rochester Community	4,238	29.5
367	367	First Hawaiian	4,236	7.4
368	385	HJ Heinz	4,208	12.7
369	377	Ralston Purina	4,198	9.6
370	371	Jefferson-Pilot	4,174	6.4
371	384	First Commerce	4,166	11.3
372	406	Potomac Electric	4,146	24.0
373	373	USLife	4,145	6.8
374	395	MCA	4,115	16.4
375	366	Consol Natural Gas	4,109	4.1
376	375	Central Bancshares	4,109	6.1
377	412	Campbell Soup	4,100	23.9
378	■	Sun Exploration	4,094	-25.1
379	336	Premier Bancorp	4,078	-6.2
380	365	AMAX	4,076	2.7
381	■	Itel	4,009	106.1
382	452	ConAgra	3,994	36.4
383	368	Viacom	3,980	1.1
384	393	Puget Sound Bancorp	3,947	11.4
385	391	Society for Savings	3,932	10.5
386	361	Wickes Cos	3,918	-3.0
387	396	Moore Financial	3,906	11.0
388	349	Duquesne Light	3,877	-7.5
389	394	Gt Northern Nekoosa	3,821	8.0
390	397	Gannett	3,793	8.0
391	447	Centel	3,753	24.5
392	427	Freeport-McMoRan	3,730	18.2
393	390	Sumitomo Bank Calif	3,719	4.0
394	363	New England Electric	3,718	-6.8
395	392	United Missouri Bcsh	3,714	4.6
396	439	Comdisco	3,687	20.7
397	379	Nipsco Industries	3,685	-3.6
398	425	Southwest Gas	3,679	15.6
399	387	Western Capital Inv	3,664	1.6
400	408	Mercantile Bkshs	3,642	9.4
401	410	National Medical	3,642	9.7
402	430	Great Lakes Bancorp	3,638	15.9
403	428	Natl Community Bk	3,614	14.6
404	403	Boise Cascade	3,610	7.0
405	407	Deposit Guaranty	3,571	6.9
406	402	Williams Cos	3,567	3.7
407	■	Intel	3,550	42.1
408	398	Farm & Home Finl	3,548	1.5
409	453	Mead	3,541	21.4
410	■	Columbia Pictures	3,535	2.3
411	415	FW Woolworth	3,535	7.2
412	388	San Diego G&E	3,533	-1.9
413	416	Humana	3,529	7.1
414	341	Transco Energy	3,527	-17.9
415	495	Summit Bancorp	3,526	32.9
416	310	Whitman	3,486	-28.4
417	409	Valley Federal S&L	3,480	4.7
418	433	Times Mirror	3,476	11.3
419	424	Schering-Plough	3,426	7.7
420	434	First Citizens Bcshs	3,410	9.4
421	■	Whirlpool	3,410	41.0
422	438	Northeast Bancorp	3,394	11.1
423	423	Cullen/Frost Bankers	3,386	6.4
424	464	Temple-Inland	3,370	9.7
425	436	Cincinnati G&E	3,361	9.1
426	429	Equimark	3,353	6.8
427	420	CPC International	3,342	2.5
428	445	Baltimore Bancorp	3,340	10.6
429	461	Apple Bank	3,337	16.4
430	456	Dauphin Deposit	3,336	14.9
431	399	Hercules	3,325	-4.8
432	382	American Medical	3,323	-11.7
433	471	Martin Marietta	3,319	18.8
434	491	Kellogg	3,298	23.0
435	■	Arkla	3,285	6.7
436	492	Union Planters	3,269	22.4
437	■	Lone Star Tech	3,267	378.7
438	448	Fortune Financial	3,258	8.9
439	455	Harcourt Brace	3,233	11.1
440	422	Colgate-Palmolive	3,218	-0.3
441	■	Liberty National	3,163	22.6
442	442	Wisconsin Energy	3,161	4.1
443	472	Federal Express	3,145	12.8
444	441	Upjohn	3,139	3.2
445	432	Northrop	3,139	0.5
446	435	Sonat	3,138	0.8
447	476	Air Prods & Chems	3,136	12.9
448	437	Kerr-McGee	3,123	-0.3
449	465	St Paul Bancorp	3,106	10.1
450	458	Union Camp	3,094	6.8
451	474	Squibb	3,083	10.8
452	480	So N England Telecom	3,067	10.8
453	■	US Trust	3,061	20.0
454	463	Geico	3,061	1.6
455	500	First Bncp Ohio	3,049	15.6
456	444	Eaton	3,034	0.3
457	469	Old Republic Intl	3,010	7.6
458	477	Greater NY Savings	3,010	8.9
459	462	Masco	2,999	5.2
460	451	Public Service Colo	2,984	1.7
461	459	Wilmington Trust	2,982	3.2
462	440	Panhandle Eastern	2,973	-2.4
463	414	Enserch	2,970	-11.0
464	■	Sunwest Financial	2,964	13.1
465	496	Valley Bancorp	2,958	11.5
466	475	Quaker Oats	2,942	5.9
467	482	Tribune	2,942	6.6
468	446	Zions Bancorporation	2,931	-3.0
469	497	Inland Steel Inds	2,925	10.3
470	490	Ohio Casualty	2,922	8.9
471	467	Wang Laboratories	2,911	3.7
472	431	Dresser Industries	2,911	-10.0
473	■	Quantum Chemical	2,908	12.6
474	■	Multibank Financial	2,901	14.2
475	494	Corning Glass Works	2,898	9.0
476	481	First Capital	2,895	4.6
477	488	Scana	2,887	6.8
478	■	Tandy	2,877	29.2
479	484	Gillette	2,868	5.0
480	■	Bally Manufacturing	2,867	13.5
481	479	BanPonce	2,842	2.5
482	■	Henley Group	2,833	-37.1
483	■	Paccar	2,832	17.5
484	457	Independence Bancorp	2,826	-2.7
485	487	Boston Edison	2,817	4.2
486	493	Colorado Natl Bkshs	2,811	5.2
487	473	Armco	2,788	0.1
488	■	Security Capital	2,777	17.4
489	485	Altus Bank	2,774	1.6
490	■	Phelps Dodge	2,755	22.5
491	■	FMC	2,749	5.9
492	478	Whitney Holding	2,747	-1.0
493	■	Exchange Bancorp	2,738	29.1
494	■	Melville	2,736	22.6
495	498	Public Service NH	2,704	2.4
496	■	Warner-Lambert	2,703	9.2
497	■	Fourth Financial	2,693	4.6
498	■	Hawaiian Electric	2,683	109.8
499	■	Hanover Insurance	2,649	15.2
500	489	Kansas City P&L	2,647	-1.6

■ Not on 500 list in 1987

The Forbes Market Value 500

In the calendar year following the crash, the combined market value of the 500 most valuable corporations rose 8.7%, to $1.95 trillion.

AT THE CLOSE of 1988, the 500 most valuable publicly traded U.S. firms had a combined market value of $1.95 trillion. That represents an 8.7% increase over the December 1987 figure. Two factors explain almost all of this change. One is the performance of the stock market, which was up 13.3% (excluding dividends), as measured by the Wilshire index of 6,000 stocks. The Market Value 500 firms make up nearly two-thirds of the market capitalization of the Wilshire.

Rank 1988	Rank 1987	Company	Market value ($mil)	Change over 1987 %
1	1	IBM	71,822	4.2
2	2	Exxon	56,703	7.9
3	3	General Electric	40,370	1.3
4	4	American Tel & Tel	30,868	6.5
5	5	General Motors	30,852*	25.3

The other element of change is the wave of recapitalizations on Wall Street. When RJR Nabisco went private, $11.1 billion of market value exited and was replaced by the $915 million valuation for P.H. Glatfelter, the last one on the list. Share buybacks and special dividends also cut into market values. On this year's 500, Santa Fe Southern Pacific, which paid out $25 a share, or $3.9 billion, in February 1988, shows the biggest drop in capitalization. UAL, IBM and Tenneco spent billions on share buyback programs. IBM, with stock worth $72 billion, is nonetheless America's most valued corporation for the seventh straight year.

Big gainers: Tyco Laboratories, up 262%; BankAmerica, 191%; Bank of New York, which issued 30 million shares to acquire Irving Trust, 175%. Losers: Lotus Development was ranked 343rd in 1988 but failed to make this year's minimum. Circus Circus, General Signal, Armco and Control Data were also bounced for poor performance.

Several newcomers were previously subsidiaries of other corporations. For example, Burlington Resources and Sun Exploration were spun off in 1988 by parents Burlington Northern and Sun Co., respectively. Columbia Pictures Entertainment, no longer consolidated by Coca-Cola, and TW Services, which was part of the old TWA, climbed into the top 500 for the first time. If the value of General Motors E and H shares were listed separately, they would rank 235th and 160th, respectively.

Winners

The largest increase in market value

Rank 1988	Rank 1987	Company	Market value ($mil)	Change over 1987 %
342	■	Tyco Laboratories	1,500	261.7
158	395	BankAmerica	3,270	190.9
226	488	Bank of New York	2,342	174.9
250	463	Primerica	2,064	118.8
464	■	Holly Farms	1,022	116.8

■ Not on 500 list in 1987 *Includes Class E and H stock

Losers

The largest decrease in market value

Rank 1988	Rank 1987	Company	Market value ($mil)	Change over 1987 %
191	49	Santa Fe Southern	2,715	–62.2
388	143	Genentech	1,327	–59.9
374	192	Pinnacle West	1,366	42.8
455	268	Avon Products	1,051	–42.7
221	115	UAL	2,366	–41.7

Rank 1988	Rank 1987	Company	Market Value ($mil)	Change over 1987 %
6	9	Ford Motor	24,068	29.7
7	8	Philip Morris Cos	23,536	16.5
8	7	Merck	22,912	10.1
9	6	El du Pont	21,130	1.3
10	10	Amoco	19,390	9.1
11	14	Mobil	18,688	16.1
12	11	BellSouth	18,504	5.7
13	17	Wal-Mart Stores	17,742	20.8
14	13	Dow Chemical	16,105	–5.5
15	20	Coca-Cola	15,832	11.5
16	21	Chevron	15,651	15.5
17	25	Sears, Roebuck	15,219	20.0
18	19	Procter & Gamble	14,682	1.6
19	15	Eastman Kodak	14,628	–8.0
20	29	GTE	14,520	26.1
21	23	Johnson & Johnson	14,176	10.0
22	24	Bell Atlantic	14,013	8.8
23	18	Minn Mining & Mfg	13,909	–5.0
24	26	Atlantic Richfield	13,865	13.1
25	27	Bristol-Myers	13,021	8.8
26	22	Nynex	12,997	0.4
27	30	Pacific Telesis	12,934	13.7
28	28	Ameritech	12,888	10.9
29	40	Texaco	12,491	38.1
30	16	Hewlett-Packard	12,440	–15.8
31	34	American Home Prods	12,164	15.1
32	35	Southwestern Bell	12,129	17.4
33	12	Digital Equipment	11,951	–30.7
34	33	Eli Lilly	11,724	7.6
35	38	American Express	11,097	15.3
36	36	American Intl Group	11,074	13.0
37	32	Abbott Laboratories	10,821	–1.1
38	39	US West	10,548	11.2
39	41	PepsiCo	10,381	19.4
40	43	Dun & Bradstreet	10,038	20.6
41	48	Pfizer	9,593	25.1
42	42	Waste Management	9,360	10.7
43	71	Boeing	9,290	64.9
44	44	McDonald's	9,035	8.7
45	37	Anheuser-Busch Cos	8,927	–8.7
46	47	Walt Disney	8,778	12.0
47	66	Citicorp	8,256	40.2
48	54	Kellogg	7,898	22.2
49	46	USX	7,577	–3.8
50	50	Westinghouse	7,576	6.1
51	69	Union Pacific	7,256	27.9
52	57	Pacific G&E	7,200	14.1
53	51	SCEcorp	7,073	6.8
54	52	Southern Company	7,058	6.8
55	65	K mart	7,004	17.7
56	68	Commonwealth Ed	6,979	20.3
57	45	Emerson Electric	6,822	–14.2
58	82	Occidental Petroleum	6,799	30.5
59	62	ITT	6,732	11.4
60	73	Capital Cities/ABC	6,520	16.7
61	58	Caterpillar	6,452	2.6
62	59	Squibb	6,433	2.4
63	78	Schering-Plough	6,383	21.3
64	53	JP Morgan & Co	6,323	–3.2
65	64	JC Penney	6,235	3.7
66	67	Tenneco	6,198	6.0
67	91	American Brands	6,118	24.9
68	94	Time Inc	6,066	27.6
69	70	Xerox	6,005	5.9
70	84	HJ Heinz	5,998	17.0
71	92	Chrysler	5,993	22.7
72	63	Smithkline Beckman	5,979	–0.9
73	85	Loews	5,972	17.3
74	96	Burlington Northern	5,892	26.1
75	56	Gannett	5,738	–9.5
76	61	Monsanto	5,627	–8.5
77	89	Norfolk Southern	5,624	13.9
78	80	Rockwell Intl	5,623	7.5
79	103	Ralston Purina	5,545	25.8
80	119	Sara Lee	5,508	42.4
81	172	MCI Commun	5,498	105.0
82	55	Motorola	5,447	–15.3
83	106	May Dept Stores	5,408	23.5
84	141	Berkshire Hathaway	5,386	59.2
85	102	United Technologies	5,378	21.7
86	72	Upjohn	5,326	–5.1
87	97	Warner-Lambert	5,314	14.8
88	83	Aetna Life & Cas	5,303	3.1
89	93	Consolidated Edison	5,301	11.4
90	86	American Electric	5,274	3.8
91	75	General Re	5,150	–5.8
92	95	International Paper	5,136	9.1
93	79	Weyerhaeuser	5,116	–2.7
94	90	Pub Svc Enterprise	5,031	2.6
95	81	Apple Computer	4,958	–4.9
96	112	Alcoa	4,944	20.0
97	147	Limited	4,885	49.6
98	■	Burlington Resources	4,881	NA
99	108	Allied-Signal	4,809	13.5
100	87	AMP	4,781	–4.9
101	117	Toys "R" Us	4,780	19.4
102	187	United Telecom	4,759	92.2
103	113	Texas Utilities	4,753	15.5
104	149	Phillips Petroleum	4,743	48.4
105	109	Gulf & Western	4,738	12.6
106	116	Kimberly-Clark	4,691	17.0
107	107	Duke Power	4,684	7.9
108	138	Warner Commun	4,637	33.1
109	131	Tele-Communications	4,558	27.6
110	88	Unisys	4,459	–11.1
111	100	Raytheon	4,447	–1.4
112	124	PPG Industries	4,423	20.4
113	144	Unocal	4,421	34.3
114	127	Borden	4,379	20.1
115	74	Baxter International	4,327	–20.9
116	■	PacifiCorp	4,314	NA
117	101	Intel	4,288	–3.9
118	104	General Mills	4,262	–2.9
119	77	NCR	4,240	–20.2
120	142	Quaker Oats	4,218	26.8
121	98	Times Mirror	4,210	–8.7
122	122	American Cyanamid	4,188	13.0
123	118	Dominion Resources	4,133	4.1
124	128	Philadelphia Elec	4,132	13.4
125	120	FPL Group	4,081	9.6
126	130	Campbell Soup	4,073	12.9
127	148	CPC International	4,064	25.7
128	167	Security Pacific	4,060	46.3
129	111	Browning-Ferris Inds	4,060	–1.8
130	160	Melville	4,054	40.7
131	121	CBS	4,024	8.4
132	126	Marsh & McLennan	4,023	10.0
133	191	Federal Natl Mortgage	3,992	66.3
134	134	Teledyne	3,718	4.8
135	125	Archer-Daniels	3,715	1.5
136	139	Cigna	3,704	7.8
137	156	Tandy	3,690	25.3
138	114	American General	3,668	–10.9
139	212	LIN Broadcasting	3,651	61.2
140	195	Deere	3,584	51.5
141	272	McCaw Cellular	3,557	80.5
142	132	Travelers	3,541	–0.7
143	162	Union Carbide	3,526	22.6
144	129	Georgia-Pacific	3,497	–3.2
145	163	Masco	3,472	21.1
146	183	PNC Financial	3,449	36.2
147	133	Marriott	3,438	–3.5
148	76	Sun Company	3,419	–37.2
149	136	Whitman	3,408	–3.3
150	99	CSX	3,387	–25.2
151	158	Pitney Bowes	3,340	14.3
152	152	Consol Natural Gas	3,328	9.9
153	135	Houston Industries	3,318	–6.0
154	186	MCA	3,314	32.1
155	218	FW Woolworth	3,311	49.0
156	105	Texas Instruments	3,306	–24.6
157	291	Middle South Utils	3,273	93.9
158	395	BankAmerica	3,270	190.9
159	170	Colgate-Palmolive	3,246	20.6
160	110	Food Lion	3,219	–22.3
161	146	Gillette	3,213	–1.8
162	211	Contel	3,197	41.0
163	234	AMR	3,173	53.0
164	210	Wells Fargo	3,170	39.7
165	229	Corning Glass Works	3,082	46.4
166	194	Dayton Hudson	3,077	29.9
167	145	Champion Intl	3,065	–6.8
168	177	Salomon	3,050	18.2
169	173	Student Loan	3,049	16.8
170	200	McGraw-Hill	3,021	29.8

■Not on 500 list in 1987 NA Not available

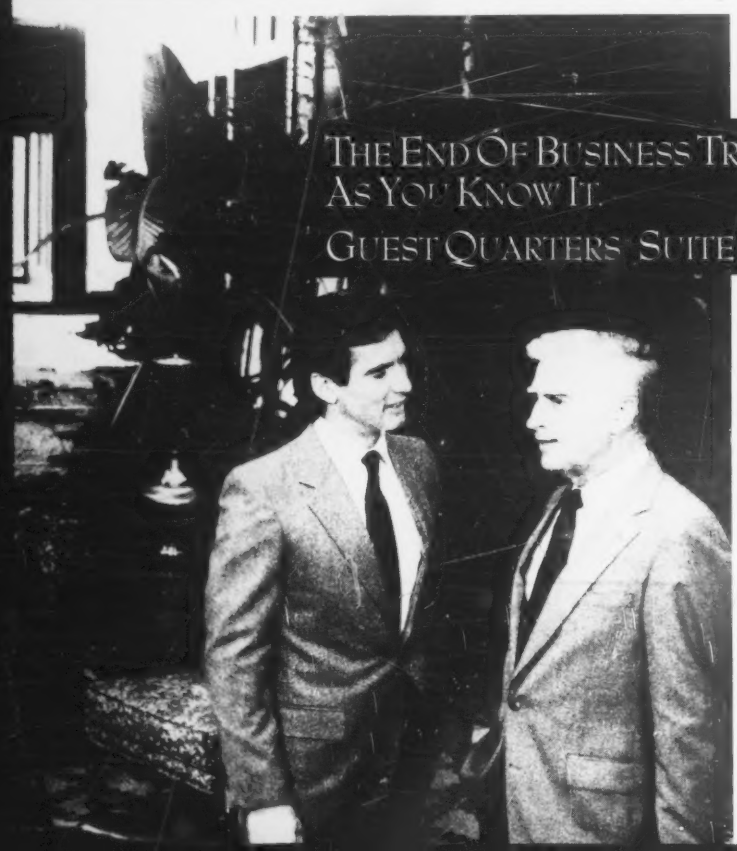
The Forbes Market Value 500

Rank 1988	Rank 1987	Company	Market Value ($mil)	Change over 1987 %
171	165	Central & So West	3,020	8.0
172	123	Marion Laboratories	3,017	-17.9
173	171	Carolina Power & Lt	3,004	11.6
174	174	Halliburton	2,979	14.3
175	161	Dow Jones	2,975	3.4
176	140	Goodyear	2,936	-14.1
177	150	Tribune	2,909	-7.0
178	180	Reynolds Metals	2,903	13.1
179	151	Ohio Edison	2,879	-6.1
180	159	Microsoft	2,878	-0.3
181	197	Banc One	2,876	21.8
182	178	Scott Paper	2,876	11.6
183	137	Automatic Data	2,874	-17.7
184	202	McDonnell Douglas	2,874	24.8
185	189	Bankers Trust NY	2,839	15.7
186	169	Genuine Parts	2,746	1.2
187	■	Fleet/Norstar Finl	2,740	24.0
188	166	Cooper Industries	2,737	-1.5
189	188	Pennsylvania P&L	2,718	9.9
190	■	Sun Exploration	2,717	NA
191	49	Santa Fe Southern	2,715	-62.2
192	190	Washington Post	2,711	12.9
193	184	RR Donnelley & Sons	2,690	6.4
194	325	Polaroid	2,640	80.5
195	231	Federal Express	2,618	25.0
196	246	Affiliated Pubs	2,614	32.8
197	215	Ethyl	2,609	16.8
198	157	Pennzoil	2,596	-11.4
199	238	Amerada Hess	2,582	26.5
200	204	Honeywell	2,577	12.5
201	196	SunTrust Banks	2,565	8.5
202	281	Hilton Hotels	2,553	46.9
203	247	Detroit Edison	2,550	29.9
204	213	Transamerica	2,548	13.2
205	185	Computer Associates	2,537	0.7
206	288	Albertson's	2,531	49.4
207	260	Chase Manhattan	2,523	35.8
208	164	TRW	2,507	-11.8
209	257	Humana	2,490	32.4
210	199	Baltimore G&E	2,468	6.0
211	273	Delta Air Lines	2,466	36.5
212	304	Nordstrom	2,464	53.4
213	206	Union Electric	2,464	7.8
214	227	Mead	2,461	15.7
215	224	Lockheed	2,448	13.6
216	230	Himont	2,412	14.8
217	207	Knight-Ridder	2,410	5.6
218	154	Pacific Enterprises	2,396	-19.0
219	205	Merrill Lynch	2,368	3.4
220	225	First Union	2,367	9.9
221	115	UAL	2,366	-41.7
222	175	Union Camp	2,365	-9.1
223	208	Chubb	2,357	3.9
224	327	NCNB	2,353	61.4
225	220	Hershey Foods	2,345	6.1
226	488	Bank of New York	2,342	174.9
227	219	USF&G	2,341	5.8
228	245	ConAgra	2,323	17.5
229	250	James River Corp Va	2,320	20.4
230	252	Consolidated Rail	2,313	21.5
231	254	Compaq Computer	2,298	21.5
232	228	Rohm & Haas	2,287	8.4
233	216	Air Prods & Chems	2,263	1.6
234	321	UST Inc	2,255	51.6
235	193	Newmont Mining	2,230	-6.0
236	239	WR Grace	2,208	9.4
237	278	General Public Utils	2,205	23.6
238	270	First Wachovia	2,172	19.6
239	221	Northeast Utilities	2,160	-1.9
240	263	Amdahl	2,153	16.7
241	181	Gt Northern Nekoosa	2,147	-15.8
242	217	Martin Marietta	2,139	-3.7
243	297	San Diego G&E	2,138	28.6
244	235	Deluxe Corp	2,134	2.9
245	182	New York Times	2,130	-16.2
246	237	General Dynamics	2,116	3.5
247	302	Carnival Cruise Lines	2,086	29.1
248	232	Ryder System	2,072	-0.5
249	243	Eaton	2,067	3.7
250	463	Primerica	2,064	118.8
251	262	No States Power	2,048	10.5
252	241	Becton Dickinson	2,045	2.2
253	203	Hercules	2,041	-11.0
254	289	Barnett Banks	2,040	20.7

■ Not on 500 list in 1987 NA Not available

Rank 1988	Rank 1987	Company	Market Value ($mil)	Change over 1987 %
255	383	Coastal Corp	2,039	73.7
256	240	Textron	2,018	0.1
257	226	St Paul Cos	2,017	–5.3
258	242	Sovran Financial	2,011	0.8
259	401	CMS Energy	2,006	82.4
260	244	Coca-Cola Enterprises	1,993	0.1
261	280	National City	1,989	12.1
262	339	Household Intl	1,987	43.2
263	384	Chemical Banking	1,986	69.3
264	279	First Interstate Bncp	1,982	11.3
265	261	Dresser Industries	1,975	6.3
266	296	VF	1,962	17.9
267	283	Ashland Oil	1,961	13.9
268	251	Allegheny Power	1,949	1.9
269	357	Morgan Stanley	1,939	52.9
270	253	Gt Western Financial	1,922	1.2
271	326	Stone Container	1,919	31.2
272	277	Geico	1,915	7.0
273	236	Potomac Electric	1,913	–7.4
274	249	AMAX	1,909	–1.3
275	209	Centerior Energy	1,901	–16.2
276	233	Dover	1,883	–9.2
277	310	Centel	1,883	22.7
278	275	Westvaco	1,873	4.3
279	293	Intl Flavors & Frags	1,872	11.7
280	255	Walgreen	1,861	–1.6
281	282	Freeport-McMoRan	1,857	7.6
282	264	Boise Cascade	1,853	0.7
283	305	Price Co	1,852	15.4
284	409	Fluor	1,850	70.7
285	269	Rubbermaid	1,848	1.2
286	416	First Chicago	1,846	72.9
287	286	Illinois Tool Works	1,835	7.4
288	346	Super Valu Stores	1,834	37.4
289	280	Kerr-McGee	1,830	4.6
290	315	Wisconsin Energy	1,819	21.4
291	411	Citizens Utilities	1,813	68.3
292	290	Lincoln National	1,808	7.0
293	294	Florida Progress	1,787	6.9
294	311	NBD Bancorp	1,783	15.5
295	266	Litton Industries	1,777	–3.2
296	222	Cray Research	1,777	–18.4
297	323	Aon	1,775	20.0
298	317	Shawmut National	1,764	17.8
299	309	Niagara Mohawk Pwr	1,763	13.9
300	276	Winn-Dixie Stores	1,763	–1.8
301	265	Ingersoll-Rand	1,757	–4.3
302	256	Morton Thiokol	1,756	–6.8
303	348	General Cinema	1,754	32.4
304	198	Continental Corp	1,745	–25.8
305	372	Sysco	1,744	42.5
306	312	American Stores	1,738	13.1
307	267	Enron	1,735	–5.4
308	410	Bethlehem Steel	1,734	60.9
309	319	Penn Central	1,723	15.6
310	316	Clorox	1,715	14.6
311	292	Whirlpool	1,715	1.6
312	334	Great A&P Tea	1,703	19.1
313	427	Arkla	1,699	62.9
314	336	So N England Telecom	1,694	21.3
315	341	Vulcan Materials	1,692	23.8
316	484	Castle & Cooke	1,672	90.7
317	454	Viacom	1,661	71.7
318	306	Baker Hughes	1,660	3.7
319	324	Bank of Boston	1,641	11.8
320	176	Tandem Computers	1,635	–36.9
321	314	Torchmark	1,632	8.9
322	318	Armstrong World Inds	1,619	8.6
323	300	HF Ahmanson	1,617	–0.5
324	331	Phelps Dodge	1,616	11.8
325	392	Brown-Forman	1,612	42.5
326	349	CoreStates Financial	1,594	21.1
327	473	Home Depot	1,589	71.8
328	344	National Medical	1,581	17.0
329	340	Dana	1,580	13.9
330	406	Alexander & Baldwin	1,578	44.9
331	342	Mercantile Stores	1,575	15.5
332	274	Columbia Gas System	1,567	–12.9
333	■	First Fidelity Bncp	1,550	–1.8
334	460	Alltel	1,534	60.5
335	335	Citizens & Southern	1,524	8.3

■ Not on 500 list in 1987



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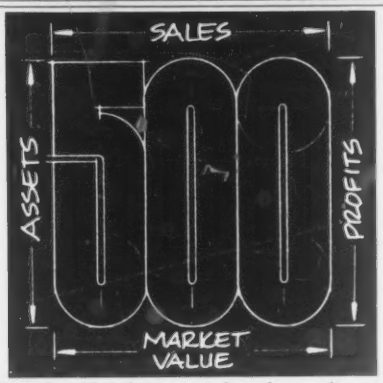
The Forbes Market Value 500

Rank 1988	Rank 1987	Company	Market Value ($mil)	Change over 1987 %
336	287	Bank of New England	1,522	-10.6
337	333	Liz Claiborne	1,514	5.3
338	328	USAir Group	1,510	3.7
339	420	NWA	1,507	42.4
340	371	Consolidated Papers	1,504	22.7
341	469	Sonoco Products	1,502	61.5
342	■	Tyco Laboratories	1,500	261.7
343	493	United Cable TV	1,495	78.5
344	259	Safeco	1,492	-19.9
345	388	Texas Eastern	1,488	29.7
346	308	H&R Block	1,487	-5.3
347	285	Maytag	1,486	-13.2
348	437	Paccar	1,472	44.0
349	358	Capital Holding	1,470	15.4
350	■	Gap	1,466	102.0
351	299	WW Grainger	1,464	-10.1
352	350	Brunswick	1,461	11.1
353	301	Illinois Power	1,460	-9.9
354	424	Giant Food	1,459	39.3
355	396	Panhandle Eastern	1,455	30.4
356	421	Mfrs Hanover	1,451	37.6
357	359	Midlantic	1,449	14.9
358	■	Zayre	1,442	83.6
359	338	Wm Wrigley Jr	1,435	3.1
360	■	Henley Group	1,434	NA
361	329	Snap-on Tools	1,432	-1.2
362	405	Norwest	1,427	30.5
363	352	Emhart	1,427	10.2
364	258	Wang Laboratories	1,419	-24.2
365	■	Long Island Lighting	1,418	79.0
366	441	Inland Steel Inds	1,412	39.7
367	414	Valhi	1,395	30.3
368	379	Kemper	1,390	16.5
369	369	Oklahoma G&E	1,386	11.9
370	377	Reebok International	1,384	15.7
371	363	New England Electric	1,382	10.3
372	322	Fireman's Fund	1,374	-7.6
373	295	Parker-Hannifin	1,371	-17.7
374	192	Pinnacle West	1,366	-42.8
375	■	Dillard Dept Stores	1,362	71.4
376	■	Cincinnati Bell	1,361	72.0
377	351	Nalco Chemical	1,359	4.8
378	415	Navistar Intl	1,359	27.1
379	400	Black & Decker	1,357	22.9
380	■	Columbia Pictures	1,356	52.1
381	■	Rorer Group	1,356	79.7
382	320	Rite Aid	1,353	-9.1
383	356	Lubrizol	1,349	5.3
384	■	EW Scripps	1,348	NA
385	360	TECO Energy	1,348	6.9
386	471	Johnson Controls	1,338	44.0
387	366	Anadarko Petroleum	1,335	7.5
388	143	Genentech	1,327	-59.9
389	464	Alco Standard	1,326	41.3
390	432	MNC Financial	1,321	28.5
391	375	Tambrands	1,319	9.3
392	345	Temple-Inland	1,314	-1.6
393	393	Cincinnati G&E	1,312	16.0
394	■	West Point-Pepperell	1,307	63.7
395	439	BF Goodrich	1,304	28.1
396	378	Northrop	1,301	8.9
397	387	Scana	1,300	13.2
398	448	CR Bard	1,296	30.4
399	431	Bausch & Lomb	1,293	25.6
400	367	First Bank System	1,292	4.1
401	385	NY State E&G	1,290	10.9
402	347	Republic New York	1,288	-3.1
403	298	Weis Markets	1,283	-21.5
404	■	TW Services	1,275	84.3
405	404	McKesson	1,272	16.3
406	223	Quantum Chemical	1,269	-41.2
407	386	Sun Microsystems	1,262	9.4
408	447	Crown Cork & Seal	1,250	25.1
409	361	Tucson Electric	1,246	-1.1
410	428	Consol Freightways	1,244	19.4
411	332	Square D	1,233	-14.7
412	284	Homestake Mining	1,231	-28.2
413	303	Raychem	1,221	-24.0
414	397	Stanley Works	1,220	9.9
415	487	Oracle Systems	1,209	41.0
416	355	Roadway Services	1,208	-6.1
417	337	Intergraph	1,196	-14.3
418	472	Sonat	1,178	26.8
419	470	Rouse	1,172	26.0
420	402	Sigma-Aldrich	1,166	6.3
421	408	Ogden	1,164	7.2
422	■	Gerber Products	1,163	70.5
423	478	Williams Cos	1,160	30.7
424	■	IMC Fertilizer Group	1,159	NA
425	485	UNUM Corp	1,159	34.3
426	429	Jefferson-Pilot	1,156	11.4
427	374	Asarco	1,150	-5.1
428	466	Hillenbrand Inds	1,145	22.4
429	456	Greyhound	1,142	18.5
430	453	United Artists	1,131	16.9
431	403	Comcast	1,130	3.1
432	419	Public Service Colo	1,128	6.2
433	398	Willamette Inds	1,121	1.5
434	390	American Family	1,115	-2.5
435	■	First Executive	1,108	58.1
436	451	Jefferson Smurfit	1,104	13.1
437	497	Tyson Foods	1,102	33.4
438	■	US Shoe	1,101	80.0
439	373	Premier Industrial	1,100	-9.7
440	389	FMC	1,096	-4.2
441	443	Enserch	1,095	8.9
442	455	Southwestern Pub Svc	1,095	13.2
443	418	Sherwin-Williams	1,092	2.5
444	458	Mapco	1,089	13.3
445	381	Community Psych	1,086	-8.1
446	499	Duquesne Light	1,084	31.7
447	391	Combustion Eng	1,078	-5.1
448	446	Pioneer Hi-Bred Intl	1,074	7.3
449	433	American Medical	1,071	4.3
450	■	Premark Intl	1,067	41.5
451	457	Pall	1,066	10.8
452	425	National Service	1,059	1.2
453	422	Perkin-Elmer	1,058	0.3
454	434	Louisiana-Pacific	1,053	2.7
455	268	Avon Products	1,051	-42.7
456	444	Prime Motor Inns	1,051	4.5
457	474	Olin	1,045	13.1
458	430	Harris Corp	1,045	1.3
459	452	DPL	1,045	7.2
460	■	Boatmen's Bancshares	1,043	0.3
461	368	Medtronic	1,036	-16.4
462	491	Bear Stearns Cos	1,036	22.8
463	481	Cabot	1,025	16.5
464	■	Holly Farms	1,022	116.8
465	442	Puget Sound P&L	1,020	1.3
466	■	Fleming Cos	1,018	40.1
467	■	Nipsco Industries	1,017	63.4
468	492	Nucor	1,017	21.0
469	462	Great Lakes Chemical	1,016	8.2
470	459	Norton	1,011	5.3
471	489	Timken	1,008	19.2
472	■	Murphy Oil	1,003	28.8
473	467	Avery International	1,003	7.4
474	354	Natl Semiconductor	992	-23.1
475	468	Molex	991	6.4
476	■	Fifth Third Bancorp	987	45.0
477	■	NIKE	986	38.1
478	■	Golden West Finl	985	25.8
479	426	Millipore	985	-5.9
480	413	Bowater	981	-8.5
481	417	Louisiana Land	976	-8.5
482	■	Beneficial Corp	971	24.8
483	■	Kansas City P&L	969	25.3
484	449	Portland General	968	-1.2
485	■	Sterling Chemicals	968	NA
486	500	Hubbell	965	17.2
487	■	Transco Energy	961	25.6
488	■	Bandag	953	18.5
489	■	Metro Mobile CTS	952	76.9
490	■	Georgia Gulf	950	30.8
491	■	Alexander & Alexan	949	27.6
492	495	US Bancorp	946	14.1
493	407	Trinova	939	-13.6
494	■	State Street Boston	928	27.1
495	■	Nicor	926	34.6
496	■	Sundstrand	925	18.5
497	■	Worthington Inds	923	32.0
498	■	Echlin	919	18.1
499	380	Battle Mountain Gold	918	-22.4
500	■	PH Glatfelter	915	22.8

■ Not on 500 list in 1987 NA Not available

The Forbes 500s–Jobs and Productivity



Big corporations were more efficient in 1988. For the 778 firms in this survey, profits and sales per employee jumped 24% and 13%, respectively.

The all-industry median for profits per employee is up 24%, to $11,000. On top is MBIA, the municipal bond insurer, with profits of $418,000 per worker. Electric Utilities–South Central is the most efficient industry, with median earnings of $37,300 per worker. The least efficient is major supermarkets, with only $1,600 per worker.

Rebounding Navistar International has the highest profits per employee of the auto manufacturers, $15,400. Ford's profits per worker were $14,800, Chrysler's were $8,100 and General Motors' were $6,000. Of the big three, Chrysler has the highest sales per employee.

Each firm below is grouped according to its primary industry. To locate a company, check the address directory starting on page 342 for the first industry group listed for the firm.

The biggest employers

General Motors is still reducing its payroll while Ford added 8,600 workers. K mart climbed into the top five.

Rank 1988	Rank 1987	Company	Employees (000)	Change over 1987
1	1	General Motors	765.7	–5.8%
2	2	Sears, Roebuck	510.5	3.5
3	3	IBM	388.2	–2.1
4	4	Ford Motor	358.9	2.5
5	6	K mart	342.5	5.4

Rank	Company	Per employee ($000) Profits	Sales (rank)	Assets (rank)	Employees (000)
AEROSPACE & DEFENSE					
1	General Electric	10.9	160.6 (1)	357.6 (1)	310.0
1	Pall	10.9	84.4 (20)	114.3 (3)	5.4
3	Rockwell Intl	6.8	106.3 (8)	73.6 (13)	114.2
4	Lockheed	6.7	113.8 (6)	71.4 (14)	93.1
5	Loral	6.0	105.9 (9)	102.6 (5)	14.1
6	Martin Marietta	4.7	83.3 (21)	48.3 (20)	68.8
7	E-Systems	4.6	89.3 (19)	47.1 (21)	16.1
8	GenCorp	4.5	127.3 (3)	82.8 (11)	14.9
9	Boeing	4.2	115.2 (5)	85.6 (10)	147.3
9	Sequa	4.2	104.1 (12)	119.1 (2)	16.5
11	Allied-Signal	4.1	105.9 (9)	89.0 (8)	112.4
12	General Dynamics	3.6	91.8 (15)	58.8 (18)	104.1
13	United Technologies	3.5	95.5 (13)	67.7 (15)	188.4
14	TRW	3.4	92.4 (14)	58.8 (18)	75.6
15	Litton Industries	3.2	90.5 (17)	90.9 (7)	54.6
16	McDonnell Douglas	3.0	128.9 (2)	101.7 (6)	116.9
17	Harris Corp	2.9	89.8 (18)	87.0 (9)	23.5
18	Grumman	2.6	109.3 (7)	78.1 (12)	32.9
19	Northrop	2.2	124.9 (4)	67.7 (15)	46.4
20	Sundstrand	–3.6	105.5 (11)	111.9 (4)	14.0
21	Honeywell	–5.5	90.9 (16)	64.7 (17)	78.6
	Industry medians	**4.1**	**105.5**	**82.8**	

Rank	Company	Per employee ($000) Profits	Sales (rank)	Assets (rank)	Employees (000)
AIR TRANSPORT					
1	UAL	17.0	136.1 (5)	101.5 (6)	66.0
2	AMR	7.0	130.0 (6)	143.2 (1)	67.9
3	Delta Air Lines	6.7	142.7 (4)	113.3 (5)	51.3
4	Federal Express	4.3	87.4 (9)	64.8 (9)	48.6
5	NWA	3.9	163.2 (1)	126.3 (3)	34.6
6	USAir Group	3.5	121.7 (7)	114.1 (4)	46.9
7	Pittston	2.6	113.2 (8)	70.9 (8)	14.0
8	Pan Am	–3.1	153.5 (2)	92.4 (7)	23.3
9	Texas Air	–12.5	149.1 (3)	141.7 (2)	57.5
	Industry medians	**3.9**	**136.1**	**113.3**	
AUTOMOTIVE-AUTO PARTS					
1	Bandag	30.9	217.7 (1)	139.6 (3)	2.3
2	Snap-on Tools	16.1	121.2 (6)	94.7 (5)	7.1
3	PPG Industries	12.9	154.7 (3)	142.0 (1)	36.3
4	Genuine Parts	12.2	197.7 (2)	76.7 (9)	14.9
5	Eaton	6.2	93.9 (11)	82.2 (7)	36.9
6	Masco Industries	5.5	110.1 (8)	141.4 (2)	15.0
7	Echlin	4.4	94.3 (10)	75.5 (10)	14.7
8	Dana	4.2	134.8 (4)	124.3 (4)	38.5
9	Johnson Controls	3.7	115.7 (7)	73.1 (12)	27.9
10	Goodyear	3.1	94.7 (9)	75.5 (10)	114.2
11	Cummins Engine	–2.5	130.8 (5)	81.6 (8)	25.3
12	Wickes Cos	–2.7	88.5 (12)	87.1 (6)	45.0
	Industry medians	**5.0**	**118.5**	**84.7**	

Rank	Company	Per employee ($000) Profits	Sales (rank)	Assets (rank)	Employees (000)
AUTOMOTIVE-AUTOS & TRUCKS					
1	Navistar Intl	15.4	268.5 (3)	146.2 (7)	15.3
2	Ford Motor	14.8	257.6 (5)	398.8 (2)	358.9
3	Paccar	14.3	266.1 (4)	230.6 (4)	12.3
4	Chrysler	8.1	272.4 (2)	372.9 (3)	130.2
5	Fleetwood Enterprises	6.6	152.9 (8)	62.2 (9)	10.3
6	General Motors	6.0	159.1 (7)	213.9 (5)	765.7
7	Mack Trucks	2.6	223.3 (6)	178.9 (6)	9.4
8	Fruehauf	-3.6	131.6 (9)	101.5 (8)	15.6
9	Subaru of America	-58.9	1319.6 (1)	578.9 (1)	1.2
	Industry medians	6.6	257.6	213.9	
BANKS-MULTINATIONAL					
1	JP Morgan & Co	64.4	504.2 (1)	5398.0 (1)	15.5
2	Bankers Trust NY	51.7	467.3 (2)	4627.2 (2)	12.5
3	Continental Bank	35.6	339.8 (4)	3449.3 (3)	8.9
4	First Chicago	32.9	307.3 (5)	2850.2 (4)	15.6
5	Mfrs Hanover	28.5	304.4 (6)	2532.6 (5)	26.3
6	Chemical Banking	27.0	270.5 (8)	2413.0 (6)	27.9
7	Chase Manhattan	25.2	294.5 (7)	2321.5 (7)	42.0
8	Citicorp	19.0	357.8 (3)	2320.3 (8)	89.5
9	Bank of Boston	16.2	268.8 (9)	1816.7 (9)	19.9
10	BankAmerica	9.7	179.9 (10)	1672.2 (10)	56.6
	Industry medians	27.8	305.9	2472.8	
BANKS-THRIFT INSTITUTIONS					
1	Columbia S&L Assn	68.3	1368.7 (1)	13400.5 (1)	1.0
2	Golden West Finl	46.7	476.3 (11)	5647.1 (9)	3.0
3	Seamen's	36.1	966.1 (2)	10439.8 (2)	0.5
4	CrossLand Savings	29.8	388.5 (19)	4310.8 (19)	3.5
4	Standard Fedl Bank	29.8	442.3 (13)	4884.2 (14)	2.0
6	Citadel Holding	28.8	460.1 (12)	5559.1 (10)	0.8
7	American Savings	27.2	329.9 (30)	3709.2 (27)	1.2
8	Downey S&L Assn	26.8	306.0 (38)	4008.3 (24)	1.1
9	Society for Savings	25.4	325.8 (31)	2998.9 (41)	1.3
10	St Paul Bancorp	25.0	320.5 (34)	3409.1 (35)	0.9
11	HomeFed	24.9	352.7 (23)	3800.0 (26)	4.5
12	GlenFed	22.1	353.9 (22)	3593.5 (33)	7.0
13	Coast S&L Assn	20.8	484.2 (9)	5515.5 (12)	2.3
14	Gt Western Financial	20.6	262.1 (46)	2716.9 (48)	12.1
15	CalFed	20.4	426.8 (16)	4165.9 (21)	6.6
16	Apple Bank	20.3	248.0 (49)	2792.1 (46)	1.2
17	First Federal Mich	19.1	601.4 (5)	6413.3 (5)	1.9
18	HF Ahmanson	18.4	318.3 (35)	3644.3 (32)	11.0
19	Washington Mutual	17.9	281.1 (41)	3062.5 (39)	2.1
20	Great Lakes Bancorp	16.5	336.9 (29)	3667.1 (29)	1.0
21	SFFed Corp	16.3	508.5 (8)	5760.7 (8)	0.8
22	Old Stone	15.6	200.7 (56)	1905.9 (59)	2.3
23	Farm & Home Fin	15.5	409.7 (18)	4662.2 (17)	0.8
24	Citizens Savings	14.9	315.0 (36)	4797.0 (16)	1.0
24	People's Bank	14.9	237.9 (51)	2580.1 (50)	2.5
26	Howard Savings Bank	14.6	200.6 (57)	2177.9 (56)	2.4
27	Dime Savings Bank	13.9	320.9 (33)	3666.3 (30)	3.3
28	Talman Home Federal	13.4	283.5 (40)	3307.3 (37)	1.9
29	Gt Am First Savings	13.3	423.9 (17)	4257.4 (20)	3.8
30	Perpetual Financial	13.0	355.5 (21)	3919.6 (25)	1.6
31	Rochester Community	12.4	257.1 (47)	2848.3 (44)	1.5
32	Greater NY Savings	12.3	337.1 (28)	4061.6 (22)	0.7
33	Far West Financial	11.5	610.7 (4)	6389.4 (6)	0.7
34	Pacific First Finl	10.7	351.1 (24)	4429.0 (18)	1.5
35	Benj Franklin S&L	7.1	324.4 (32)	3380.3 (36)	1.6
36	Imperial Corp of Am	5.8	630.2 (3)	6653.9 (3)	1.8
37	TCF Financial	5.8	269.9 (44)	2445.9 (51)	2.2
38	CenTrust Savings Bk	2.3	348.5 (26)	3692.2 (28)	2.8
39	American Capital	1.8	299.5 (39)	4000.3 (40)	2.1
40	Commercial Federal	1.0	430.5 (15)	4833.6 (15)	1.4
41	Western Capital Inv	-1.6	195.6 (58)	2066.5 (57)	1.8
42	Anchor Savings Bank	-2.1	214.8 (53)	2406.7 (52)	3.5
43	Valley Federal S&L	-2.4	263.8 (45)	2757.8 (47)	1.3
44	Fortune Financial	-2.5	356.7 (20)	4032.1 (23)	0.8
45	AmeriFirst Bank	-4.1	209.8 (54)	2221.4 (55)	2.1
46	CityFed Financial	-4.9	229.5 (52)	2321.7 (53)	4.6
47	Finl Cp Santa Barbara	-5.5	554.6 (6)	5835.7 (7)	0.9
48	Northeast Savings FA	-7.8	436.7 (14)	5007.6 (13)	1.6
49	Homestead Financial	-10.1	546.6 (7)	6417.0 (4)	0.9
50	Atlantic Financial	-14.3	337.6 (27)	3557.3 (34)	2.2
51	Empire of America	-14.5	275.9 (42)	2854.6 (43)	4.0
52	Altus Bank	-15.8	189.3 (59)	1913.1 (58)	1.5
53	American Continental	-17.5	312.0 (37)	3112.6 (38)	2.2
54	Goldome	-23.2	273.8 (43)	2916.7 (42)	5.1
55	Gibraltar Financial	-37.0	478.0 (10)	5526.9 (11)	2.7
56	Florida Federal	-40.7	250.1 (48)	2800.5 (45)	1.8
57	Meritor Financial	-44.6	349.9 (25)	3651.3 (31)	4.7
58	Western S&L	-61.6	208.1 (55)	2292.0 (54)	2.5
59	Security Capital	-117.3	239.0 (50)	2649.5 (49)	1.0
	Industry medians	13.0	329.9	3666.3	
BANKS-MID-ATLANTIC					
1	Wilmington Trust	28.9	174.6 (14)	1663.2 (21)	1.8
2	PNC Financial	28.4	245.3 (3)	2616.1 (3)	15.6
3	Signet Banking	25.8	209.6 (6)	1861.2 (11)	5.9
4	Dauphin Deposit	24.5	179.8 (11)	2012.4 (7)	1.7
5	CoreStates Financial	22.5	204.7 (7)	2063.4 (6)	8.0
6	Mercantile Bkshs	21.8	147.4 (24)	1483.1 (25)	2.5
7	Summit Bancorp	21.6	183.8 (10)	1972.1 (8)	1.8
8	Midlantic	21.0	173.7 (15)	1852.8 (12)	10.6
9	MNC Financial	20.0	233.3 (4)	2119.4 (5)	8.5
10	Natl Community Bks	19.8	151.4 (23)	1704.1 (19)	2.1
11	United Jersey Banks	18.3	162.5 (19)	1714.6 (18)	6.4
12	Integra Financial	17.3	167.9 (18)	1800.5 (14)	3.8
13	Riggs National	17.1	259.5 (1)	3231.2 (1)	2.2
14	Sovran Financial	16.8	154.5 (22)	1557.2 (23)	14.4
15	First Pennsylvania	16.0	171.2 (16)	1761.0 (16)	3.6
16	Dominion Bankshares	15.8	170.7 (17)	1750.1 (17)	5.3
17	Central Fidelity Bks	15.6	140.3 (25)	1493.0 (24)	3.2
18	Equitable Bancorp	15.5	175.4 (12)	1688.7 (20)	3.1
19	Crestar Financial	15.0	174.9 (13)	1797.9 (15)	5.8

The Forbes 500s–Jobs and Productivity

Rank	Company	Per employee ($000) Profits	Sales (rank)	Assets (rank)	Employees (000)
20	First Virginia Banks	14.1	111.7 (26)	1111.2 (26)	4.3
20	Meridian Bancorp	14.1	156.1 (21)	1564.5 (22)	6.1
22	Equimark	13.6	210.3 (5)	1806.8 (13)	1.9
23	First Fidelity Bncp	2.4	200.4 (8)	2126.9 (4)	14.0
24	Baltimore Bancorp	1.7	256.3 (2)	3112.9 (2)	1.1
25	Mellon Bank	–3.9	197.9 (9)	1885.5 (10)	16.5
26	Independence Bancorp	–7.3	157.7 (20)	1970.4 (9)	1.4
	Industry medians	**17.0**	**174.8**	**1803.7**	
BANKS-NORTH CENTRAL					
1	Fifth Third Bancorp	28.4	171.1 (9)	1772.8 (10)	3.0
2	Exchange Bancorp	26.5	267.9 (1)	3042.1 (1)	0.9
3	Northern Trust	20.3	186.7 (4)	1842.9 (6)	5.4
4	Banc One	20.2	162.3 (12)	1499.7 (20)	16.9
5	Fourth Financial	19.8	165.4 (11)	1745.1 (12)	1.5
6	Indiana National	19.3	188.8 (3)	2053.8 (3)	2.9
7	NBD Bancorp	18.8	180.0 (5)	1995.7 (4)	12.1
8	Comerica	18.5	172.2 (8)	1840.4 (7)	6.1
9	Manufacturers Natl	18.1	174.1 (7)	1753.5 (11)	5.3
10	Firstar	17.8	128.6 (25)	1273.0 (29)	6.2
11	Ameritrust	17.4	177.1 (6)	1806.9 (9)	5.9
12	Huntington Bcshs	16.9	170.2 (10)	1837.6 (8)	5.2
13	Old Kent Financial	16.8	157.8 (17)	1707.4 (14)	4.6
14	Society	16.6	161.0 (13)	1658.6 (16)	6.0
15	National City	16.5	157.7 (18)	1531.0 (19)	14.1
16	First National Cinc	16.3	155.7 (19)	1658.8 (15)	3.4
17	Merchants National	15.5	158.8 (15)	1847.3 (5)	2.8
18	First Bncp Ohio	15.4	115.3 (29)	1382.7 (25)	2.2
19	Marshall & Ilsley	14.4	127.5 (26)	1276.8 (28)	5.3
20	Michigan National	14.2	158.8 (15)	1726.1 (13)	6.6
21	Norwest	13.6	159.1 (14)	1398.7 (24)	15.6
22	Commerce Bcshs	13.5	131.7 (23)	1496.8 (21)	3.6
23	United Missouri Bcsh	13.4	129.6 (24)	1442.8 (22)	2.6
24	First of America Bank	12.1	120.7 (27)	1332.2 (26)	7.3
25	Valley Bancorp	11.5	119.2 (28)	1282.1 (27)	2.3
26	Boatmen's Bancshares	7.9	155.7 (19)	1657.9 (17)	8.9
27	Trustcorp	6.5	149.4 (21)	1564.6 (18)	3.8
28	Mercantile Bancorp	6.2	145.4 (22)	1406.3 (23)	4.6
29	First Bank System	–34.4	215.8 (2)	2693.0 (2)	9.0
	Industry medians	**16.5**	**158.8**	**1658.8**	
BANKS-NORTHEAST					
1	Republic New York	46.3	574.7 (1)	6693.7 (1)	3.7
2	Bank of New York	19.6	241.0 (2)	4357.5 (2)	10.9
3	Shawmut National	19.3	223.7 (4)	2261.2 (3)	12.6
4	Northeast Bancorp	18.9	176.4 (7)	1854.8 (6)	1.8
5	Fleet/Norstar Finl	17.6	159.7 (10)	1520.3 (9)	19.1
6	First Empire State	17.0	204.9 (5)	2253.3 (4)	2.6
7	Bank of New England	16.3	184.8 (6)	1861.3 (5)	17.3
7	Multibank Financial	16.3	232.0 (3)	1757.1 (7)	1.7
9	BayBanks	15.6	161.5 (9)	1673.4 (8)	5.7
10	US Trust	13.9	164.7 (8)	1393.3 (10)	2.2
11	State Street Boston	12.8	123.9 (12)	1156.5 (12)	7.2
12	KeyCorp	11.4	132.5 (11)	1391.9 (11)	10.5
	Industry medians	**16.6**	**180.6**	**1805.9**	
BANKS-SOUTH CENTRAL					
1	Hibernia	23.0	237.5 (1)	2536.6 (1)	2.3
2	Whitney Holding	19.7	172.5 (3)	2093.7 (3)	1.3
3	First Capital	14.5	142.2 (8)	1524.3 (8)	1.9
4	Deposit Guaranty	13.9	153.4 (6)	1577.9 (7)	2.3
5	First Commerce	10.1	166.0 (4)	1789.5 (4)	2.3
6	First City Bncp Texas	9.6	125.1 (10)	1763.6 (6)	6.9
7	Cullen/Frost Bankers	1.3	164.5 (5)	1770.9 (5)	1.9
8	Premier Bancorp	–17.3	137.0 (9)	1420.0 (10)	2.9
9	MCorp	–72.7	209.1 (2)	2316.0 (2)	8.1
10	Texas American Bcshs	–173.1	148.0 (7)	1487.2 (9)	2.9
	Industry medians	**9.8**	**158.9**	**1767.3**	
BANKS-SOUTHEAST					
1	NCNB	19.9	223.6 (1)	2358.3 (1)	12.7
2	First Wachovia	18.1	149.8 (12)	1617.3 (8)	13.5
3	SouthTrust	17.2	159.3 (7)	1689.6 (6)	3.9
4	Central Bancshares	16.6	162.5 (5)	1663.5 (7)	2.5
5	Liberty National	16.4	164.7 (4)	1796.0 (3)	1.8
6	AmSouth Bancorp	16.2	162.3 (6)	1691.7 (5)	4.9
7	SunTrust Banks	15.4	144.5 (15)	1459.4 (14)	20.0
8	Citizens & Southern	15.2	154.1 (10)	1556.2 (12)	13.6
9	First Alabama Bcshs	15.0	122.4 (21)	1336.8 (20)	3.9
10	First Union	14.8	144.8 (14)	1447.2 (15)	20.0
11	Bank South	14.0	155.6 (9)	1575.1 (11)	3.1
12	South Carolina Natl	13.8	139.7 (18)	1431.7 (17)	4.0
13	BB&T Financial	13.3	141.6 (17)	1505.5 (13)	2.9
14	First Florida Banks	12.8	125.0 (20)	1338.4 (19)	3.8
15	Barnett Banks	12.7	142.5 (16)	1441.4 (16)	17.9
16	First Tennessee Natl	12.5	145.5 (13)	1421.9 (18)	4.2
17	Union Planters	12.4	158.0 (8)	1580.9 (10)	2.1
18	Banco Popular PR	10.5	122.4 (21)	1264.5 (22)	4.5
19	BanPonce	9.6	136.1 (19)	1308.5 (21)	2.2
20	Southeast Banking	9.1	170.0 (3)	1889.6 (2)	8.3
21	First American	7.4	170.2 (2)	1754.9 (4)	4.1
22	Florida Natl Banks	7.1	152.9 (11)	1597.2 (9)	4.9
23	First Citizens Bcshs	5.8	86.3 (23)	933.5 (23)	3.7
	Industry medians	**13.8**	**149.8**	**1556.2**	
BANKS-WESTERN					
1	Wells Fargo	24.5	243.9 (1)	2342.5 (2)	19.9
2	City National	23.0	172.8 (5)	2002.8 (4)	2.1
3	Bancorp Hawaii	21.6	167.7 (6)	1910.4 (6)	3.5
4	First Hawaiian	19.6	174.3 (4)	1920.4 (5)	2.2
5	Puget Sound Bancorp	16.8	163.9 (7)	1638.4 (8)	2.4

The Forbes 500s–Jobs and Productivity

Rank	Company	Per employee ($000) Profits	Sales	(rank)	Assets	(rank)	Employees (000)
6	Security Pacific	15.2	202.4	(3)	1858.3	(7)	41.9
7	Sumitomo Bank Calif	15.0	207.8	(2)	2281.5	(3)	1.6
8	US Bancorp	13.2	146.9	(10)	1530.3	(10)	9.4
9	Union Bank	10.3	135.2	(13)	2578.2	(1)	5.8
10	Moore Financial	9.7	131.3	(15)	1494.4	(12)	2.6
11	Sunwest Financial	9.6	131.4	(14)	1359.1	(15)	2.2
12	Valley National	8.2	151.1	(9)	1549.3	(9)	7.6
13	First Security	8.1	127.2	(16)	1258.0	(16)	4.1
14	Colorado Natl Bkshs	3.9	114.2	(17)	1030.0	(17)	2.7
15	First Interstate Bncp	2.7	155.0	(8)	1520.6	(11)	38.3
16	United Banks of Colo	2.3	144.5	(11)	1476.1	(14)	3.9
17	Zions Bancorporation	–9.0	142.2	(12)	1483.9	(13)	2.0
	Industry medians	**10.3**	**151.1**		**1549.3**		
BEVERAGES & TOBACCO-ALCOHOLIC BEVERAGES							
1	Brown-Forman	23.3	171.8	(2)	171.9	(1)	6.1
2	Anheuser-Busch Cos	17.2	214.7	(1)	171.1	(2)	41.6
3	Adolph Coors	4.6	149.2	(3)	154.0	(3)	10.2
	Industry medians	**17.2**	**171.8**		**171.1**		
BEVERAGES & TOBACCO-SOFT DRINKS							
1	Coca-Cola	57.8	461.0	(1)	411.9	(1)	18.1
2	Coca-Cola Enterprises	6.5	164.9	(2)	198.7	(2)	23.5
3	PepsiCo	3.3	56.6	(3)	48.4	(3)	230.0
	Industry medians	**6.5**	**164.9**		**198.7**		
BEVERAGES & TOBACCO-TOBACCO							
1	UST Inc	49.4	184.7	(2)	182.1	(3)	3.3
2	Philip Morris Cos	17.7	222.0	(1)	317.3	(1)	116.5
3	American Brands	12.6	157.3	(3)	265.2	(2)	46.0
4	Universal	3.1	135.2	(4)	57.0	(4)	20.0
	Industry medians	**15.1**	**171.0**		**223.6**		
BUILDING-CEMENT & GYPSUM							
1	Lafarge	14.1	196.9	(1)	180.4	(1)	6.7
2	USG	8.2	146.9	(2)	119.0	(2)	15.3
	Industry medians	**11.1**	**171.9**		**149.7**		
BUILDING-COMMERCIAL & RESIDENTIAL							
1	PHM Corp	16.9	596.8	(2)	2493.6	(1)	2.0
2	Centex	7.3	397.6	(3)	240.2	(4)	4.4
3	Rouse	5.0	115.4	(6)	520.1	(2)	4.0
4	Fluor	4.3	342.2	(4)	126.2	(5)	16.1
5	Turner Corp	1.1	926.3	(1)	266.8	(3)	3.5
6	Morrison Knudsen	–8.4	126.6	(5)	49.4	(6)	15.1
	Industry medians	**4.7**	**369.9**		**252.5**		
BUILDING-LUMBER							
1	Weyerhaeuser	12.3	217.2	(2)	334.1	(1)	46.1
2	Georgia-Pacific	10.9	221.1	(1)	165.5	(2)	43.0
3	Louisiana-Pacific	10.4	138.4	(3)	138.2	(3)	13.0
	Industry medians	**10.9**	**217.2**		**165.5**		
BUILDING-MISCELLANEOUS MATERIALS							
1	Vulcan Materials	22.1	170.8	(1)	155.3	(1)	6.2
2	Owens-Corning	11.2	160.9	(2)	90.7	(5)	17.6
3	Masco	10.7	90.3	(6)	111.1	(4)	27.0
4	Tyco Laboratories	7.3	159.1	(3)	125.4	(3)	11.3
5	Armstrong World	6.3	103.3	(5)	80.9	(6)	25.9
6	Manville	5.2	112.7	(4)	131.1	(2)	18.3
	Industry medians	**9.0**	**135.9**		**118.3**		
CHEMICALS-DIVERSIFIED							
1	Aristech Chemical	95.0	615.4	(1)	390.6	(1)	1.7
2	Dow Chemical	44.4	307.2	(2)	299.1	(2)	54.3
3	Pennwalt	35.4	202.7	(6)	188.0	(6)	5.1
4	Quantum Chemical	34.8	265.6	(3)	264.3	(3)	11.0
5	Rohm & Haas	18.8	207.2	(5)	183.3	(7)	12.2
6	BF Goodrich	15.9	199.1	(7)	170.8	(9)	12.1
7	EI du Pont	15.6	231.3	(4)	218.6	(4)	140.5
8	Union Carbide	15.2	191.1	(8)	193.8	(5)	43.6
9	Monsanto	12.4	173.9	(9)	177.4	(8)	47.7
10	American Cyanamid	8.8	131.6	(12)	131.7	(11)	34.9
11	Olin	6.4	151.3	(10)	127.2	(12)	15.3
12	FMC	5.3	133.8	(11)	111.9	(13)	24.6
12	Hercules	5.3	122.2	(13)	145.0	(10)	22.9
	Industry medians	**15.6**	**199.1**		**183.3**		
CHEMICALS-SPECIALIZED							
1	Sterling Chemicals	250.7	801.4	(2)	350.8	(6)	0.9
2	Georgia Gulf	164.1	898.8	(1)	387.6	(5)	1.2
3	Himont	117.2	545.5	(4)	612.2	(1)	3.2
4	Rexene	102.7	570.2	(3)	405.2	(4)	1.3
5	Vista Chemical	75.0	481.1	(5)	298.9	(8)	1.7
6	Freeport-McMoRan	46.2	289.5	(7)	555.3	(2)	6.7
7	Great Lakes Chemical	43.0	232.4	(10)	276.6	(9)	2.4
8	Intl Flavors & Frags	31.0	202.4	(13)	212.9	(12)	4.1
9	Lubrizol	27.3	234.6	(9)	202.3	(14)	4.8
10	Ethyl	22.6	266.5	(8)	514.8	(3)	10.2
11	IMC Fertilizer Group	22.5	215.5	(11)	273.2	(10)	5.5
12	Nalco Chemical	20.3	190.0	(15)	160.3	(16)	5.2
13	Sigma-Aldrich	18.5	122.6	(19)	105.4	(20)	3.1
14	Air Prods & Chems	17.3	195.8	(14)	246.9	(11)	12.7
15	Cabot	13.2	343.7	(6)	318.7	(7)	5.2
16	Witco	9.3	206.5	(12)	145.1	(17)	7.7
17	MA Hanna	9.2	113.2	(20)	107.1	(19)	9.0
18	Intl Minerals & Chem	8.3	105.5	(21)	209.3	(13)	9.9
19	Morton Thiokol	8.0	123.1	(18)	101.4	(21)	20.0
20	WR Grace	5.4	136.0	(17)	124.8	(18)	42.6
21	Great American Mgmt	2.6	175.0	(16)	173.6	(15)	8.6
	Industry medians	**22.5**	**215.5**		**246.9**		
CLOTHING-APPAREL & TEXTILES							
1	Reebok International	62.1	809.9	(1)	482.3	(1)	2.2
2	NIKE	43.4	471.0	(2)	223.7	(2)	3.2
3	Liz Claiborne	27.2	292.4	(3)	155.3	(3)	4.1
4	VF	3.8	54.7	(5)	38.3	(5)	46.0
5	West Point-Pepperell	2.1	64.6	(4)	64.8	(4)	36.4
	Industry medians	**27.2**	**292.4**		**155.3**		
COMMUNICATIONS-BROADCASTING & SERVICES							
1	CBS	154.8	372.8	(1)	591.6	(2)	7.5
2	LIN Broadcasting	74.7	205.0	(4)	529.2	(4)	1.1
3	Capital Cities/ABC	19.4	239.6	(3)	305.7	(6)	19.9

The Forbes 500s–Jobs and Productivity

Rank	Company	Per employee ($000) Profits	Sales (rank)	Assets (rank)	Employees (000)
4	Tele-Communications	0.3	85.3 (7)	304.7 (7)	25.0
5	United Cable TV	0.1	110.8 (6)	321.3 (5)	2.6
6	Comcast	–6.6	138.0 (5)	539.3 (3)	3.0
7	Viacom	–26.8	273.6 (2)	865.2 (1)	4.6
	Industry medians	**0.3**	**205.0**	**529.2**	
COMMUNICATIONS-PUBLISHING					
1	Washington Post	42.4	215.4 (2)	224.0 (4)	6.4
2	Dow Jones	25.2	177.2 (3)	233.4 (2)	9.0
3	New York Times	15.8	160.4 (4)	180.6 (5)	10.6
4	Time Inc	14.1	219.9 (1)	241.3 (1)	20.5
5	Tribune	12.5	139.0 (5)	175.1 (6)	16.8
6	Times Mirror	11.9	116.7 (9)	124.4 (8)	27.9
7	McGraw-Hill	11.5	113.1 (10)	109.4 (10)	16.1
8	Gannett	11.0	100.4 (12)	114.9 (9)	33.0
9	RR Donnelley & Sons	8.6	119.9 (8)	97.8 (13)	24.0
10	Dun & Bradstreet	7.6	65.2 (14)	76.7 (14)	65.5
11	Knight-Ridder	6.9	92.6 (13)	104.7 (11)	22.5
12	EW Scripps	6.4	110.4 (11)	141.5 (7)	11.0
13	Harcourt Brace	–3.7	124.2 (7)	225.3 (3)	14.4
14	Affiliated Pubs	–19.1	126.3 (6)	100.6 (12)	4.2
	Industry medians	**11.3**	**122.1**	**132.9**	
CONGLOMERATES					
1	Berkshire Hathaway	20.0	116.7 (5)	340.8 (2)	20.0
2	Minn Mining & Mfg	14.0	128.0 (3)	107.9 (7)	82.7
3	Teledyne	8.9	104.3 (8)	116.2 (6)	44.1
4	Tenneco	8.3	133.7 (2)	175.5 (4)	99.0
5	Dover	7.7	102.8 (9)	71.9 (8)	19.0
6	Penn Central	7.0	105.2 (7)	163.3 (5)	14.7
7	ITT	6.9	163.3 (1)	353.9 (1)	118.5
8	Raytheon	6.4	107.3 (6)	62.1 (9)	76.4
9	Textron	4.5	120.4 (4)	207.5 (3)	60.5
	Industry medians	**7.7**	**116.7**	**163.3**	
CONSUMER-APPLIANCES					
1	Maytag	12.3	146.0 (1)	103.0 (2)	12.9
2	Black & Decker	5.2	117.2 (3)	95.2 (3)	20.3
3	Whirlpool	3.2	145.2 (2)	114.8 (1)	29.7
	Industry medians	**5.2**	**145.2**	**103.0**	
CONSUMER-HOME FURNISHINGS					
1	Rubbermaid	12.5	149.9 (1)	98.2 (1)	8.0
2	Premark Intl	5.2	102.0 (2)	70.4 (2)	23.5
3	Springs Industries	2.3	78.0 (3)	47.8 (3)	23.4
4	Interco	2.1	51.3 (4)	39.3 (4)	53.5
	Industry medians	**3.8**	**90.0**	**59.1**	
CONSUMER-HOUSEHOLD & PERSONAL PRODUCTS					
1	Clorox	29.8	291.2 (1)	249.7 (1)	4.7
2	Tambrands	17.9	116.0 (7)	97.4 (7)	4.8
3	Scott Paper	15.3	180.4 (4)	196.8 (3)	26.2
4	Procter & Gamble	15.0	270.7 (2)	209.9 (2)	75.3
5	Colgate-Palmolive	12.9	191.7 (3)	130.3 (5)	24.7
6	Johnson & Johnson	12.2	112.8 (8)	89.3 (9)	79.8
7	Kimberly-Clark	10.0	142.5 (5)	112.8 (6)	37.8
8	Gillette	9.0	120.0 (6)	96.1 (8)	29.9
9	Greyhound	2.5	88.7 (10)	135.2 (4)	37.2
10	Avon Products	–14.9	107.5 (9)	86.3 (10)	28.5
	Industry medians	**12.6**	**131.3**	**121.6**	
ELECTRIC UTILITIES-NORTH CENTRAL					
1	Kansas Gas & Elec	59.6	406.0 (1)	1884.8 (1)	1.3
2	Cincinnati G&E	48.8	298.0 (5)	722.9 (14)	4.7
3	DPL	45.0	355.1 (2)	891.1 (9)	2.8
4	Ipalco Enterprises	43.6	268.0 (11)	770.5 (12)	2.3
5	Commonwealth Ed	41.3	314.0 (3)	1129.8 (4)	17.9
6	Union Electric	39.9	277.4 (9)	796.7 (11)	7.3
7	Kansas City P&L	37.3	260.2 (13)	935.2 (6)	2.8
8	Illinois Power	33.5	276.9 (10)	1304.5 (2)	4.6
9	Central Ill Pub Svc	32.2	230.4 (17)	627.1 (15)	2.7
10	Duquesne Light	31.8	246.1 (15)	897.1 (8)	4.3
11	Wisconsin Energy	31.3	263.1 (12)	539.8 (18)	5.9
12	Ohio Edison	30.2	295.9 (6)	1043.6 (5)	7.2
13	PSI Holdings	27.7	248.1 (14)	506.1 (19)	4.2
14	American Electric	27.3	211.0 (19)	621.8 (16)	22.9
15	CMS Energy	26.9	291.0 (7)	821.3 (10)	10.1
16	No States Power	26.2	244.3 (16)	547.4 (17)	8.2
17	Nipsco Industries	20.4	301.3 (4)	728.3 (13)	5.1
18	Centerior Energy	–11.3	226.5 (18)	1286.3 (3)	9.0
19	Detroit Edison	–21.6	284.1 (8)	921.4 (7)	10.9
	Industry medians	**31.8**	**276.9**	**821.3**	
ELECTRIC UTILITIES-NORTHEAST					
1	Philadelphia Elec	49.9	284.6 (8)	1045.8 (4)	11.3
2	United Illuminating	48.8	321.9 (4)	1467.2 (1)	1.6
3	Long Island Lighting	47.5	339.9 (2)	1324.0 (3)	6.3
4	Pub Svc Enterprise	40.4	336.0 (3)	893.7 (7)	13.1
5	Pennsylvania P&L	40.0	266.6 (10)	906.1 (6)	8.3
6	Potomac Electric	38.8	248.3 (14)	762.8 (8)	5.4
7	NY State E&G	38.1	298.1 (6)	1043.9 (5)	4.5
8	Allegheny Power	35.1	371.9 (1)	742.7 (9)	5.8
9	Baltimore G&E	34.5	212.1 (16)	583.4 (15)	8.8
10	Delmarva Power & Lt	32.0	290.2 (7)	723.2 (11)	2.6
11	Consolidated Edison	29.7	253.1 (13)	473.2 (16)	20.2
12	Public Service NH	27.6	301.7 (5)	1352.0 (2)	2.0
13	Northeast Utilities	25.4	226.0 (15)	735.3 (10)	9.2
14	General Public Utils	20.8	208.0 (17)	470.9 (17)	13.6
15	Niagara Mohawk Pwr	19.0	254.6 (12)	643.3 (13)	11.0
16	Boston Edison	18.5	264.6 (11)	619.7 (14)	4.5
17	New England Electric	–10.0	283.2 (9)	692.7 (12)	5.4
	Industry medians	**34.5**	**283.2**	**742.7**	

The Forbes 500s–Jobs and Productivity

Rank	Company	Per employee ($000) Profits	Sales (rank)	Assets (rank)	Employees (000)
ELECTRIC UTILITIES-SOUTH CENTRAL					
1	Southwestern Pub Svc	49.1	369.9 (1)	776.8 (6)	2.1
2	Texas Utilities	40.5	261.6 (7)	1011.3 (3)	15.9
3	Oklahoma G&E	37.7	300.2 (4)	689.2 (7)	3.7
4	Central & So West	37.3	289.2 (5)	933.7 (4)	8.7
5	Houston Industries	36.5	311.3 (3)	883.5 (5)	11.6
6	Middle South Utils	30.6	265.4 (6)	1184.8 (2)	13.4
7	Gulf States Utils	24.3	314.5 (2)	1418.7 (1)	4.8
	Industry medians	**37.3**	**300.2**	**933.7**	
ELECTRIC UTILITIES-SOUTHEAST					
1	Kentucky Utilities	36.5	257.6 (2)	621.9 (5)	2.2
2	Dominion Resources	31.2	238.2 (6)	732.5 (2)	14.0
3	Scana	28.0	251.4 (3)	669.9 (4)	4.3
4	TECO Energy	26.7	229.2 (7)	513.0 (8)	4.5
5	Southern Company	26.0	222.2 (8)	684.4 (3)	32.6
6	FPL Group	23.0	300.2 (1)	604.8 (6)	19.5
7	Duke Power	22.3	180.6 (9)	442.8 (9)	20.1
7	Florida Progress	22.3	248.9 (4)	534.9 (7)	8.0
9	Carolina Power & Lt	21.4	246.6 (5)	814.1 (1)	9.2
10	Louisville G&E	20.5	158.8 (10)	424.5 (10)	4.2
	Industry medians	**24.5**	**242.4**	**613.3**	
ELECTRIC UTILITIES-WESTERN					
1	Tucson Electric	120.7	508.5 (1)	1942.9 (1)	1.1
2	Puget Sound P&L	51.8	319.9 (4)	952.1 (4)	2.5
3	SCEcorp	44.5	365.1 (3)	921.5 (5)	17.1
4	San Diego G&E	40.3	442.0 (2)	752.1 (8)	4.7
5	Portland General	31.1	243.7 (8)	803.1 (6)	3.1
6	PacifiCorp	27.8	219.0 (9)	709.2 (9)	16.1
7	Hawaiian Electric	20.2	269.5 (6)	986.8 (3)	2.7
8	Public Service Colo	19.2	258.6 (7)	457.9 (10)	6.5
9	Pacific G&E	2.3	283.7 (5)	781.7 (7)	27.0
10	Pinnacle West	0.4	187.8 (10)	1311.4 (2)	11.5
	Industry medians	**29.5**	**276.6**	**862.3**	
ELECTRICAL EQUIPMENT					
1	WW Grainger	16.2	228.0 (1)	139.0 (2)	6.7
2	Hubbell	13.7	118.5 (2)	101.0 (4)	5.2
3	Raychem	9.9	106.0 (3)	113.7 (3)	10.4
4	Emerson Electric	7.6	95.9 (5)	75.2 (5)	70.8
5	Westinghouse	6.9	104.5 (4)	141.6 (1)	119.6
6	Square D	5.9	81.8 (6)	66.0 (6)	20.3
7	National Service	4.5	74.4 (7)	41.8 (7)	19.9
	Industry medians	**7.6**	**104.5**	**101.0**	
ELECTRONICS-COMPUTERS					
1	Compaq Computer	50.2	406.4 (2)	312.8 (1)	5.1
2	Apple Computer	46.4	490.9 (1)	252.0 (2)	9.0
3	Cray Research	32.8	158.5 (6)	207.7 (4)	4.8
4	Amdahl	26.9	226.6 (4)	242.9 (3)	8.0
5	Sun Microsystems	15.9	259.3 (3)	172.6 (6)	5.6
6	IBM	14.1	153.7 (7)	188.1 (5)	388.2
7	Tandem Computers	13.0	181.5 (5)	169.3 (7)	7.9
8	Intergraph	12.9	117.7 (10)	122.2 (10)	6.8
9	Digital Equipment	10.4	105.9 (13)	88.2 (13)	116.0
10	Hewlett-Packard	9.8	121.8 (9)	92.4 (12)	84.5
11	Unisys	7.3	106.8 (11)	124.4 (9)	92.8
12	NCR	7.2	98.2 (15)	77.3 (14)	61.0
13	Wang Laboratories	1.6	99.5 (14)	94.2 (11)	30.9
14	Prime Computer	1.1	131.9 (8)	136.6 (8)	12.1
15	Control Data	0.1	106.7 (12)	74.5 (15)	34.0
15	Zenith Electronics	0.1	75.7 (16)	40.2 (16)	35.5
	Industry medians	**11.7**	**126.8**	**130.5**	
ELECTRONICS-EQUIPMENT					
1	Premier Industrial	17.0	143.7 (2)	65.0 (8)	4.1
2	AMP	13.8	115.8 (3)	103.1 (3)	23.1
3	Molex	10.4	101.2 (5)	97.2 (4)	5.4
4	Perkin-Elmer	6.6	107.6 (4)	115.1 (2)	11.2
5	Itel	6.3	414.3 (1)	1010.6 (1)	4.0
6	General Instrument	5.3	80.0 (9)	84.6 (5)	15.9
7	Motorola	4.5	83.5 (8)	67.9 (7)	98.9
8	Emhart	4.0	87.3 (7)	76.7 (6)	31.6
9	EG&G	2.9	58.6 (10)	22.5 (10)	24.0
10	Tektronix	–0.5	87.9 (6)	62.0 (9)	16.3
	Industry medians	**5.8**	**94.6**	**80.7**	
ELECTRONICS-SEMICONDUCTORS					
1	Intel	22.6	143.7 (2)	177.5 (1)	20.0
2	Avnet	5.2	198.3 (1)	112.8 (2)	9.8
3	Texas Instruments	4.8	81.9 (3)	57.6 (3)	76.8
4	Natl Semiconductor	–2.3	75.7 (4)	55.1 (4)	33.5
	Industry medians	**5.0**	**112.8**	**85.2**	
ENERGY-DOMESTIC OIL, GAS & COAL					
1	Union Texas Petrol	60.7	595.8 (4)	953.8 (4)	1.8
2	Anadarko Petroleum	59.8	500.9 (7)	2240.6 (1)	0.7
3	Atlantic Richfield	59.7	665.1 (3)	811.8 (5)	26.5
4	American Petrofina	41.3	819.2 (2)	732.5 (7)	3.2
5	Phillips Petroleum	29.9	519.7 (5)	550.3 (10)	21.8
6	Cyprus Minerals	27.1	211.5 (19)	263.1 (18)	6.3
7	Mapco	23.6	349.1 (12)	276.5 (17)	5.0
8	Amerada Hess	15.2	516.0 (6)	659.1 (8)	8.2
9	Diamond Shamrock	14.7	487.5 (8)	227.9 (19)	3.7
10	Kerr-McGee	14.2	348.3 (13)	404.5 (14)	7.7
11	USX	12.9	268.7 (17)	331.3 (16)	58.8
12	Burlington Resources	10.3	309.5 (15)	798.1 (6)	7.0
13	Murphy Oil	8.7	329.0 (14)	461.8 (12)	4.5
14	Coastal Corp	8.6	447.6 (10)	427.5 (13)	18.4
15	Ashland Oil	6.0	198.0 (20)	108.9 (20)	39.7
16	Unocal	1.3	486.9 (9)	522.9 (11)	18.2
17	Sun Company	0.3	392.3 (11)	392.5 (15)	22.0
18	Pennzoil	–23.1	258.2 (18)	553.9 (9)	8.1
19	Sun Exploration	–84.7	297.2 (16)	1137.2 (3)	3.6
20	Louisiana Land	–96.3	953.9 (1)	1960.1 (2)	0.7
	Industry medians	**13.6**	**420.0**	**536.6**	

The Forbes 500s–Jobs and Productivity

Rank	Company	Per employee ($000) Profits	Sales (rank)	Assets (rank)	Employees (000)
ENERGY-INTERNATIONAL OIL					
1	Exxon	52.3	804.7 (1)	739.2 (1)	100.5
2	Amoco	41.2	422.2 (5)	597.2 (3)	50.1
3	Chevron	33.6	478.2 (4)	644.7 (2)	52.7
4	Mobil	30.3	699.5 (3)	563.4 (5)	68.9
5	Texaco	28.4	729.3 (2)	572.6 (4)	46.0
6	Occidental Petroleum	6.1	377.6 (6)	403.4 (6)	51.4
	Industry medians	**32.0**	**588.9**	**584.9**	
ENERGY-OILFIELD SERVICES					
1	Valhi	5.1	141.5 (1)	143.9 (1)	15.9
2	Dresser Industries	4.4	129.7 (2)	94.7 (3)	30.8
3	Baker Hughes	2.7	109.5 (3)	98.4 (2)	21.3
4	Halliburton	1.5	88.1 (4)	86.0 (4)	54.9
	Industry medians	**3.6**	**119.6**	**96.6**	
FINANCE-BROKERAGE HOUSES					
1	Morgan Stanley	61.0	635.1 (2)	6263.8 (3)	6.5
2	Bear Stearns Cos	33.8	352.8 (3)	6435.9 (2)	5.9
3	Salomon	33.7	740.5 (1)	10271.8 (1)	8.3
4	Merrill Lynch	9.7	221.4 (4)	1352.1 (5)	47.6
5	PaineWebber Group	3.3	193.4 (5)	1380.5 (4)	13.0
	Industry medians	**33.7**	**352.8**	**6263.8**	

Rank	Company	Per employee ($000) Profits	Sales (rank)	Assets (rank)	Employees (000)
FINANCE-SERVICES					
1	MBIA	418.1	684.9 (3)	5832.1 (3)	0.2
2	Federal Natl Mortgage	202.7	4254.1 (1)	44903.2 (1)	2.5
3	Student Loan	164.5	1661.0 (2)	20926.7 (2)	1.4
4	Dreyfus	71.9	211.7 (9)	603.1 (9)	1.3
5	Primerica	45.6	283.0 (4)	4069.6 (4)	3.5
6	H&R Block	26.1	242.1 (7)	140.4 (11)	3.5
7	Household Intl	21.5	229.3 (8)	1828.9 (5)	11.5
8	Beneficial Corp	15.7	211.6 (10)	1124.7 (8)	6.7
9	American Express	11.3	248.7 (6)	1547.2 (6)	92.2
10	Lomas Financial	5.2	278.0 (5)	1517.7 (7)	4.6
11	Southmark	–9.6	103.3 (11)	288.7 (10)	30.0
	Industry medians	**26.1**	**248.7**	**1547.2**	
FOOD PROCESSORS-BRANDED FOODS					
1	Kellogg	27.3	246.9 (1)	187.3 (1)	17.6
2	Hershey Foods	18.9	191.5 (4)	155.9 (2)	11.3
3	Wm Wrigley Jr	15.9	162.1 (6)	80.1 (11)	5.5
4	H J Heinz	11.0	146.5 (9)	109.3 (4)	38.5
5	CPC International	9.1	148.0 (8)	105.3 (5)	31.8
6	Quaker Oats	8.3	180.9 (5)	94.8 (7)	31.1
6	Whitman	8.3	141.6 (10)	137.8 (3)	25.3
8	Ralston Purina	8.0	105.1 (13)	73.0 (12)	57.5
9	General Mills	7.2	79.3 (14)	36.6 (16)	70.0

REGIONAL FLIGHT

ATR 42-ATR 72

The cooperation between AEROSPATIALE and AERITALIA has resulted in new aircraft ATR 42 and ATR 72, first editions of the ATR family. These new generation turboprop jets benefit from recently developed state-of-the-art technology. This family of aircraft was designed so that their seating capacity can be extended from 46 to 70 seats in answer to airline passenger traffic fluctuations.
GEOGRAPHIC PRESENCE: Keeping ahead of airline needs on 5 continents.

THE TOTA

The Forbes 500s–Jobs and Productivity

Rank	Company	Per employee ($000) Profits	Sales (rank)	Assets (rank)	Employees (000)
10	Borden	6.9	159.5 (7)	97.8 (6)	45.4
11	Dean Foods	6.6	230.3 (3)	80.4 (10)	7.0
12	Campbell Soup	5.3	108.9 (12)	84.7 (9)	48.4
13	Sara Lee	4.2	125.8 (11)	63.6 (13)	89.1
14	ConAgra	4.0	241.8 (2)	93.8 (8)	42.6
15	Gerber Products	3.8	63.7 (15)	45.2 (15)	14.7
16	Castle & Cooke	2.8	61.0 (16)	47.4 (14)	40.5
	Industry medians	**7.6**	**147.3**	**89.3**	
FOOD PROCESSORS-COMMODITIES					
1	Archer-Daniels	37.2	753.8 (1)	492.0 (1)	9.8
2	Pioneer Hi-Bred Intl	16.5	176.8 (3)	200.6 (2)	4.9
3	Intl Multifoods	4.1	209.3 (2)	96.9 (3)	8.8
	Industry medians	**16.5**	**209.3**	**200.6**	
FOOD PROCESSORS-MEATPACKING					
1	Geo A Hormel	7.3	271.0 (1)	80.7 (1)	8.4
2	Holly Farms	4.7	121.9 (2)	53.1 (2)	14.8
3	Tyson Foods	3.3	78.1 (4)	35.9 (3)	25.6
4	United Brands	1.5	85.4 (3)	35.0 (4)	41.0
	Industry medians	**4.0**	**103.7**	**44.5**	
FOOD-MAJOR SUPERMARKETS					
1	Albertson's	3.5	145.7 (1)	34.2 (2)	46.5
2	Great A&P Tea	1.6	122.4 (2)	28.4 (3)	82.3
2	Winn-Dixie Stores	1.6	111.0 (4)	19.9 (5)	81.9
4	American Stores	0.6	120.5 (3)	46.4 (1)	153.3
5	Kroger	0.2	105.8 (5)	27.9 (4)	165.0
	Industry medians	**1.6**	**120.5**	**28.4**	
FOOD-REGIONAL SUPERMARKETS					
1	Weis Markets	5.9	84.9 (6)	42.5 (3)	14.0
2	Giant Food	4.2	126.6 (3)	41.6 (4)	23.6
3	Food Lion	3.6	122.0 (4)	34.8 (6)	31.3
4	Bruno's	2.6	121.4 (5)	37.1 (5)	17.0
5	Circle K	2.3	140.1 (2)	82.2 (1)	22.8
6	Vons Cos	-0.9	148.7 (1)	63.5 (2)	26.3
	Industry medians	**3.1**	**124.3**	**42.0**	
FOOD-WHOLESALERS					
1	Sysco	7.7	444.9 (3)	146.8 (1)	12.5
2	Super Food Services	7.6	804.6 (1)	129.7 (2)	2.0
3	Super Valu Stores	3.9	302.0 (5)	71.8 (5)	33.2
4	Wetterau	3.3	384.8 (4)	80.1 (4)	12.6
5	Fleming Cos	3.0	484.6 (2)	118.5 (3)	21.6
6	Nash Finch	1.8	209.2 (6)	38.8 (6)	10.0
7	Marriott	1.1	33.6 (7)	27.2 (7)	219.7
8	TW Services	0.4	29.8 (8)	17.6 (8)	120.0
	Industry medians	**3.1**	**343.4**	**75.9**	

LOGIC

TECHNICAL PRESENCE: a maintenance network ensures a round-the-clock availability (Toulouse, Washington D.C., Singapore).
TECHNOLOGICAL PRESENCE: concept of a new generation of aircraft.
FINANCIAL PRESENCE: financial advisor.

BUSINESS PRESENCE: 4 marketing centers throughout the world.

ATR

L SYSTEM

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The Forbes 500s–Jobs and Productivity

Rank	Company	Per employee ($000) Profits	Sales (rank)	Assets (rank)	Employees (000)
HEALTH-DRUGS					
1	Marion Laboratories	55.8	255.0 (4)	193.3 (6)	3.2
2	Merck	38.3	188.3 (6)	194.2 (5)	31.6
3	Eli Lilly	29.0	155.3 (8)	200.9 (4)	26.2
4	Squibb	24.4	148.2 (9)	176.7 (8)	17.4
5	Bristol-Myers	23.9	172.4 (7)	142.8 (12)	34.7
6	American Home Prods	20.9	123.3 (13)	103.4 (16)	44.6
7	Abbott Laboratories	19.6	128.9 (14)	126.0 (15)	38.3
8	Pfizer	19.4	132.0 (11)	187.2 (7)	40.8
9	Schering-Plough	17.7	134.7 (10)	155.4 (10)	22.1
10	Upjohn	16.9	131.7 (13)	150.2 (11)	20.9
11	Genentech	12.8	201.1 (5)	416.7 (1)	1.6
12	Bergen Brunswig	10.5	975.2 (1)	270.0 (2)	3.8
13	Warner-Lambert	10.2	116.7 (17)	80.7 (17)	33.5
14	Rorer Group	7.8	131.8 (12)	175.7 (9)	7.9
15	SmithKline Beckman	5.9	122.0 (16)	128.8 (14)	38.9
16	McKesson	5.8	418.5 (2)	136.0 (13)	16.9
17	National Intergroup	–7.8	404.9 (3)	248.2 (3)	7.3
	Industry medians	**17.7**	**148.2**	**175.7**	
HEALTH-MEDICAL SUPPLIES					
1	Medtronic	17.8	137.3 (2)	132.7 (3)	5.3
2	Corning Glass Works	11.3	81.9 (8)	111.9 (5)	25.9
3	Bausch & Lomb	10.7	106.9 (5)	132.3 (4)	9.2
4	CR Bard	9.9	95.6 (6)	67.0 (8)	7.9
5	Hillenbrand Inds	9.2	117.1 (3)	97.3 (7)	7.6
6	Becton Dickinson	8.2	86.4 (7)	107.0 (6)	20.3
7	Baxter International	6.2	109.3 (4)	136.1 (2)	62.8
8	Henley Group	–6.9	151.2 (1)	413.6 (1)	6.9
	Industry medians	**9.6**	**108.1**	**122.1**	
HEALTH-SERVICES					
1	Community Psych	12.0	59.1 (4)	81.3 (2)	5.9
2	Humana	4.8	74.7 (2)	73.6 (3)	48.0
3	National Medical	2.1	48.3 (5)	51.3 (5)	71.0
4	American Medical	1.6	61.6 (3)	67.8 (4)	49.0
5	Beverly Enterprises	–0.2	18.7 (6)	17.1 (6)	108.0
6	Maxicare Health	–109.9	419.3 (1)	163.1 (1)	4.4
	Industry medians	**1.9**	**60.4**	**70.7**	
HEAVY EQUIPMENT					
1	Caterpillar	10.6	177.0 (1)	167.1 (1)	58.0
2	Illinois Tool Works	10.1	138.8 (3)	99.3 (3)	13.9
3	Deere	7.0	143.3 (2)	149.7 (2)	38.1
4	Ingersoll-Rand	5.4	101.0 (5)	83.0 (7)	29.9
4	Norton	5.4	89.2 (10)	68.9 (10)	15.8
4	Stanley Works	5.4	100.5 (6)	74.0 (8)	19.0
7	Cooper Industries	5.0	95.2 (7)	98.0 (4)	44.8
8	Trinova	4.0	87.2 (11)	65.0 (11)	22.0
9	Timken	3.8	89.4 (9)	91.6 (5)	17.4
10	Parker-Hannifin	3.5	77.4 (12)	58.4 (12)	31.0
11	General Signal	1.3	92.1 (8)	73.1 (9)	19.1
12	Combustion Eng	–8.7	123.5 (4)	90.3 (6)	28.2
	Industry medians	**5.2**	**97.8**	**86.7**	

Rank	Company	Per employee ($000) Profits	Sales (rank)	Assets (rank)	Employees (000)
INSURANCE-BROKERS					
1	Marsh & McLennan	13.0	99.9 (1)	80.4 (2)	22.8
2	Alexander & Alexander	3.9	74.4 (2)	158.1 (1)	16.5
	Industry medians	**8.4**	**87.2**	**119.3**	
INSURANCE-DIVERSIFIED					
1	General Re	201.0	1145.6 (1)	3933.9 (1)	2.4
2	Cincinnati Financial	82.1	580.1 (2)	1350.4 (7)	1.6
3	American Intl Group	39.1	437.7 (7)	1202.9 (8)	31.1
4	Loews	37.5	433.7 (8)	1066.2 (10)	24.2
5	Safeco	31.3	334.2 (11)	899.6 (13)	8.6
6	American General	26.0	224.9 (14)	1789.5 (3)	17.0
7	Aon	20.3	308.7 (12)	934.0 (12)	8.9
8	Transamerica	19.8	450.2 (6)	1529.1 (4)	17.5
9	Aetna Life & Cas	15.7	546.0 (3)	1829.5 (2)	44.5
10	Kemper	13.5	188.9 (15)	727.6 (14)	16.6
11	Old Republic Intl	11.1	239.6 (13)	654.3 (15)	4.6
12	Lincoln National	9.8	486.1 (5)	1393.5 (6)	15.0
13	Cigna	9.7	368.7 (10)	1150.5 (9)	48.5
14	Travelers	2.8	506.3 (4)	1422.2 (5)	37.5
15	Reliance Group	2.5	400.0 (9)	970.0 (11)	9.3
	Industry medians	**19.8**	**433.7**	**1202.9**	
INSURANCE-LIFE & HEALTH					
1	First Executive	190.3	2836.0 (1)	16953.3 (1)	1.1
2	First Capital Holding	55.1	768.6 (3)	7499.8 (3)	1.0
3	USLife	38.3	690.7 (4)	2238.3 (5)	1.9
4	UNUM Corp	34.3	559.8 (7)	2069.6 (7)	3.9
5	American Family	32.2	687.8 (5)	1797.0 (10)	3.4
6	Torchmark	29.5	273.4 (12)	724.9 (14)	6.1
7	Capital Holding	23.4	252.6 (14)	1600.4 (12)	8.1
8	Jefferson-Pilot	22.6	273.1 (13)	931.7 (13)	4.5
9	Monarch Capital	16.1	304.1 (11)	4237.2 (4)	1.4
10	Provident Life & Acc	15.7	485.9 (9)	1843.0 (9)	5.8
11	Integrated Resources	13.2	402.7 (10)	2112.2 (6)	3.7
12	American Natl Ins	12.6	124.6 (15)	574.3 (15)	7.5
13	NWNL	11.4	500.0 (8)	1772.2 (11)	2.9
14	ICH	8.8	594.9 (6)	1916.3 (8)	4.9
15	Broad Inc	–24.9	2102.9 (2)	12058.1 (2)	0.6
	Industry medians	**22.6**	**500.0**	**1916.3**	
INSURANCE-PROPERTY & CASUALTY					
1	Argonaut Group	120.2	551.5 (1)	2226.0 (1)	0.8
2	Chubb	36.7	406.2 (3)	994.0 (4)	9.8
3	Geico	28.9	268.2 (9)	467.2 (9)	6.6
4	St Paul Cos	27.0	278.5 (7)	796.4 (6)	13.0
5	Ohio Casualty	21.7	266.9 (10)	494.8 (8)	5.9
6	Hanover Insurance	21.1	277.7 (8)	465.7 (10)	5.7
7	USF&G	20.8	500.6 (2)	1108.6 (3)	11.2
8	Fireman's Fund	20.1	301.2 (6)	910.0 (5)	12.3
9	Progressive	18.4	209.2 (11)	393.2 (11)	5.9
10	Home Group	10.8	366.1 (4)	1635.6 (2)	8.1
11	Continental Corp	0.1	346.8 (5)	784.8 (7)	17.0
	Industry medians	**21.1**	**301.2**	**796.4**	

The Forbes 500s—Jobs and Productivity

Rank	Company	Per employee ($000) Profits	Sales (rank)	Assets (rank)	Employees (000)
LEISURE-ENTERTAINMENT					
1	Warner Commun	30.3	301.0 (1)	329.0 (3)	14.0
2	Gulf & Western	19.5	263.8 (2)	887.6 (1)	20.0
3	Walt Disney	16.3	107.1 (5)	164.3 (5)	35.0
4	MCA	9.5	174.3 (4)	237.2 (4)	17.4
5	United Artists	0.1	51.7 (6)	116.8 (6)	16.3
6	Columbia Pictures	–17.6	249.1 (3)	634.7 (2)	5.6
	Industry medians	**12.9**	**211.7**	**283.1**	
LEISURE-HOTELS & GAMING					
1	Carnival Cruise Lines	32.9	100.5 (1)	175.9 (1)	6.0
2	Prime Motor Inns	8.7	33.6 (4)	117.8 (2)	8.5
3	Hilton Hotels	3.6	25.1 (5)	51.8 (4)	36.5
4	Holiday	2.8	38.4 (3)	51.5 (5)	41.5
5	Bally Manufacturing	1.2	59.7 (2)	91.6 (3)	31.3
	Industry medians	**3.6**	**38.4**	**91.6**	
LEISURE-PHOTOGRAPHY					
1	Eastman Kodak	10.4	126.3 (2)	170.3 (1)	134.9
2	Fuqua Industries	7.1	71.8 (3)	88.7 (3)	13.0
3	Polaroid	–1.8	151.1 (1)	158.7 (2)	12.3
	Industry medians	**7.1**	**126.3**	**158.7**	
LEISURE-RECREATION					
1	Brunswick	6.8	115.4 (2)	73.5 (2)	28.5
2	Outboard Marine	5.5	128.1 (1)	99.5 (1)	12.9
	Industry medians	**6.2**	**121.8**	**86.5**	
METALS-NONFERROUS					
1	Battle Mountain Gold	114.1	270.3 (2)	396.1 (3)	0.5
2	Newmont Mining	62.0	173.9 (7)	459.5 (2)	2.9
3	Phelps Dodge	43.2	238.8 (4)	283.6 (4)	9.7
4	AMAX	37.2	197.9 (5)	204.5 (6)	19.9
5	Homestake Mining	30.9	168.5 (9)	479.9 (1)	2.1
6	Asarco	25.7	246.7 (3)	275.9 (5)	8.1
7	Reynolds Metals	16.6	192.0 (6)	173.5 (9)	29.0
8	Alcoa	15.1	171.8 (8)	184.9 (8)	57.0
9	Engelhard	8.5	313.4 (1)	188.4 (7)	7.5
	Industry medians	**30.9**	**197.9**	**275.9**	
METALS-STEEL					
1	Wheeling-Pittsburgh	28.7	176.9 (5)	206.4 (2)	6.2
2	Nucor	22.6	218.8 (3)	195.8 (3)	4.9
3	Allegheny Ludlum	19.7	219.3 (2)	127.8 (8)	5.5
4	Inland Steel Inds	12.1	197.1 (4)	141.7 (4)	20.6
5	Bethlehem Steel	11.9	166.8 (6)	135.2 (6)	32.9
6	Worthington Inds	10.6	165.7 (7)	86.0 (9)	6.0
7	Armco	5.1	161.0 (8)	139.1 (5)	20.1
8	Lone Star Tech	–8.1	224.0 (1)	1063.3 (1)	3.1
9	LTV	–19.4	159.4 (9)	134.1 (7)	46.0
	Industry medians	**11.9**	**176.9**	**139.1**	
NATURAL GAS-DISTRIBUTORS					
1	Nicor	25.9	368.1 (1)	512.1 (2)	4.1
2	Peoples Energy	24.2	332.3 (2)	441.8 (3)	3.4
3	Kansas Power & Light	17.8	260.4 (4)	396.8 (4)	4.5
4	Southwest Gas	14.5	282.0 (3)	1294.6 (1)	2.8
	Industry medians	**21.0**	**307.1**	**477.0**	
NATURAL GAS-INTEGRATED					
1	Consol Natural Gas	25.7	329.2 (1)	548.1 (1)	7.5
2	Arkla	18.7	318.7 (2)	524.5 (2)	6.3
3	Columbia Gas System	11.1	290.8 (3)	524.3 (3)	10.8
4	Pacific Enterprises	6.5	173.3 (5)	200.6 (4)	34.2
5	Enserch	–14.2	180.0 (4)	195.2 (5)	15.2
	Industry medians	**11.1**	**290.8**	**524.3**	
NATURAL GAS-PRODUCERS & PIPELINERS					
1	Williams Cos	25.6	437.4 (3)	932.5 (2)	3.8
2	Sonat	20.4	335.5 (6)	756.3 (4)	4.2
3	Enron	19.7	865.7 (1)	1318.8 (1)	6.6
4	Texas Eastern	17.5	364.5 (5)	570.1 (6)	9.6
5	Transco Energy	–15.9	575.3 (2)	731.5 (5)	4.8
6	Panhandle Eastern	–50.8	372.7 (4)	878.2 (3)	3.4
	Industry medians	**18.6**	**405.0**	**817.3**	
PACKAGING					
1	Longview Fibre	29.2	202.9 (1)	191.8 (3)	3.4
2	Jefferson Smurfit	18.8	163.0 (5)	106.1 (5)	7.7
3	Temple-Inland	18.1	190.8 (3)	306.4 (1)	11.0
4	Stone Container	17.3	189.5 (4)	121.3 (4)	19.8
5	International Paper	15.7	198.6 (2)	197.1 (2)	48.0
6	Crown Cork & Seal	7.5	147.2 (6)	86.1 (6)	12.5
7	Sonoco Products	6.6	110.1 (7)	67.3 (7)	14.5
	Industry medians	**17.3**	**189.5**	**121.3**	
PAPER					
1	Consolidated Papers	33.7	201.3 (4)	209.8 (4)	4.5
2	Bowater	32.9	282.1 (1)	376.1 (1)	5.0
3	Federal Paper Board	25.8	201.3 (4)	240.6 (2)	5.6
4	PH Glatfelter	23.9	165.3 (9)	192.5 (7)	3.4
5	Willamette Inds	17.9	190.8 (6)	159.0 (12)	9.0
6	Gt Northern Nekoosa	17.4	183.1 (7)	195.0 (6)	19.6
7	Mead	17.0	215.1 (2)	170.6 (10)	20.8
8	Union Camp	16.1	144.8 (13)	168.4 (11)	18.4
9	Potlatch	15.6	150.9 (11)	197.3 (5)	7.2
10	Champion Intl	14.9	167.9 (8)	219.3 (3)	30.6
11	Boise Cascade	14.4	204.3 (3)	180.2 (8)	20.0
11	Westvaco	14.4	148.7 (12)	179.1 (9)	14.7
13	James River Corp Va	6.5	152.0 (10)	146.0 (13)	37.0
	Industry medians	**17.0**	**183.1**	**192.5**	
RETAILING-APPAREL					
1	Nordstrom	4.9	93.1 (2)	60.5 (2)	25.0
2	Limited	4.6	76.2 (3)	40.1 (3)	53.5
3	Gap	4.2	70.5 (5)	27.1 (6)	17.8
4	Melville	3.8	72.5 (4)	29.2 (5)	93.5
5	Brown Group	0.3	58.8 (6)	25.1 (7)	29.0
6	US Shoe	0.1	56.8 (7)	29.9 (4)	40.0
7	Zayre	–8.4	96.0 (1)	73.1 (1)	20.0
	Industry medians	**3.8**	**72.5**	**29.9**	

The Forbes 500s–Jobs and Productivity

Rank	Company	Per employee ($000) Profits	Sales (rank)	Assets (rank)	Employees (000)
RETAILING-DEPARTMENT STORES					
1	Mercantile Stores	6.6	103.0 (2)	65.8 (5)	22.0
2	Dillard Dept Stores	4.9	110.7 (1)	89.4 (2)	23.1
3	JC Penney	4.4	82.5 (5)	66.1 (4)	185.5
4	General Cinema	4.0	91.5 (4)	79.0 (3)	26.0
5	May Dept Stores	3.6	79.6 (6)	55.2 (6)	147.5
6	Sears, Roebuck	1.8	98.4 (3)	152.7 (1)	510.5
7	Carter Hawley Hale	0.2	77.4 (7)	54.0 (7)	35.0
	Industry medians	**4.0**	**91.5**	**66.1**	
RETAILING-DISCOUNT & VARIETY					
1	Wal-Mart Stores	4.4	107.8 (2)	36.7 (5)	191.5
2	K mart	2.3	80.4 (5)	35.4 (6)	342.5
3	FW Woolworth	2.2	62.9 (8)	27.5 (7)	128.5
4	Dayton Hudson	2.1	90.4 (3)	48.3 (2)	135.0
5	Fred Meyer	2.0	112.1 (1)	37.1 (4)	18.5
6	Ames Dept Stores	1.3	90.3 (4)	57.2 (1)	37.2
7	Rose's Stores	0.8	73.9 (6)	22.4 (8)	19.5
8	Hills Dept Stores	0.5	71.9 (7)	38.7 (3)	23.2
	Industry medians	**2.0**	**85.3**	**36.9**	
RETAILING-DRUGS					
1	Longs Drug Stores	4.6	137.0 (1)	41.6 (2)	12.2
2	Rite Aid	4.0	113.9 (2)	58.6 (1)	24.1
3	Walgreen	2.8	104.5 (3)	38.3 (3)	47.6
	Industry medians	**4.0**	**113.9**	**41.6**	
RETAILING-MISCELLANEOUS					
1	Price Co	10.6	446.1 (1)	105.2 (2)	10.2
2	Circuit City Stores	9.6	246.4 (3)	104.4 (3)	6.6
3	Tandy	8.5	105.1 (10)	75.7 (8)	38.0
4	Toys "R" Us	8.1	120.5 (8)	77.0 (7)	33.2
5	Spiegel	7.7	188.6 (4)	162.3 (1)	7.4
6	Home Depot	6.8	176.2 (5)	61.6 (10)	11.4
7	Sherwin-Williams	6.2	120.0 (9)	77.4 (6)	16.3
8	Lowe's Cos	4.7	170.4 (6)	73.5 (9)	14.8
9	McDonald's	3.8	32.7 (11)	48.3 (11)	169.0
10	Service Merchandise	3.7	150.9 (7)	83.4 (5)	20.5
11	Costco Wholesale	2.4	365.6 (2)	92.1 (4)	6.0
	Industry medians	**6.8**	**170.4**	**77.4**	
SERVICES & RELATED PRODUCTS-INDUSTRIAL					
1	Waste Management	13.8	105.9 (3)	144.9 (1)	33.7
2	Browning-Ferris Inds	11.9	109.4 (2)	117.7 (2)	19.9
3	Millipore	9.9	112.7 (1)	104.4 (3)	5.5
4	Ogden	1.5	25.2 (4)	58.7 (4)	37.5
	Industry medians	**10.9**	**107.7**	**111.1**	
SERVICES & RELATED PRODUCTS-OFFICE					
1	Comdisco	76.1	1055.5 (1)	2923.9 (1)	1.3
2	Microsoft	65.7	311.7 (3)	262.4 (4)	2.3
3	Oracle Systems	34.3	240.8 (4)	195.8 (7)	1.6
4	Computer Associates	26.9	174.6 (6)	218.1 (6)	5.3
5	Alco Standard	10.3	239.0 (5)	94.5 (10)	16.2
6	Deluxe Corp	9.0	74.8 (11)	49.2 (13)	16.0
7	Pitney Bowes	8.5	92.4 (10)	166.9 (8)	28.7
8	Automatic Data	8.1	73.5 (12)	72.4 (12)	22.0
9	Avery International	6.6	134.9 (8)	95.4 (9)	11.7
10	PHH Corp	5.4	384.5 (2)	961.2 (2)	4.5
11	Esselte Business Sys	4.5	107.5 (9)	82.3 (11)	13.0
12	Xerox	3.4	145.8 (7)	234.5 (5)	112.8
13	Kinder-Care	2.1	45.6 (13)	291.9 (3)	20.5
	Industry medians	**8.5**	**145.8**	**195.8**	
SURFACE TRANSPORTATION-RAILROADS					
1	Norfolk Southern	18.1	127.2 (5)	286.8 (2)	35.1
2	Union Pacific	13.6	128.4 (4)	258.7 (3)	47.3
3	CNW	11.0	116.4 (6)	202.0 (6)	8.6
4	Consolidated Rail	9.4	107.1 (7)	221.6 (5)	32.6
5	Burlington Northern	6.4	145.0 (2)	195.4 (7)	32.4
6	CSX	2.7	140.7 (3)	241.4 (4)	54.0
7	Santa Fe Southern	–2.3	153.6 (1)	333.5 (1)	20.5
	Industry medians	**9.4**	**128.4**	**241.4**	
SURFACE TRANSPORTATION-SHIPPING					
1	Alexander & Baldwin	42.5	209.0 (2)	336.7 (2)	3.2
2	American President	19.2	502.4 (1)	403.2 (1)	4.2
	Industry medians	**30.9**	**355.7**	**369.9**	
SURFACE TRANSPORTATION-TRUCKING & LEASING					
1	Consol Freightways	4.1	96.6 (2)	55.2 (2)	27.9
2	Ryder System	3.1	116.5 (1)	139.9 (1)	43.2
3	Roadway Services	2.7	74.1 (3)	40.4 (3)	29.5
4	Yellow Freight Sys	2.5	74.1 (3)	37.5 (4)	27.2
	Industry medians	**2.9**	**85.3**	**47.8**	
TELECOMMUNICATIONS-CARRIERS					
1	Citizens Utilities	46.2	186.4 (3)	629.7 (3)	1.6
2	MCI Communications	22.4	322.8 (1)	367.1 (4)	15.9
3	Pacific Telesis	16.8	134.0 (9)	299.4 (8)	70.8
4	BellSouth	16.7	136.7 (7)	286.2 (10)	99.5
5	Alltel	16.6	141.7 (6)	285.6 (11)	7.5
6	US West	16.4	133.4 (10)	324.2 (5)	69.1
7	Bell Atlantic	16.3	134.4 (8)	305.4 (7)	81.0
8	Southwestern Bell	16.1	128.0 (13)	317.9 (6)	66.0
9	Ameritech	15.9	127.1 (14)	245.9 (15)	77.9
10	Nynex	13.6	131.4 (12)	263.4 (13)	96.4
11	United Telecom	13.5	172.2 (5)	260.4 (14)	37.7
12	Cincinnati Bell	12.5	109.5 (17)	185.8 (18)	6.7
13	Contel	12.4	133.3 (11)	263.8 (12)	22.2
14	So N England Telecom	11.4	115.7 (16)	224.1 (16)	13.7
15	Centel	9.8	84.9 (19)	291.0 (9)	12.9
16	GTE	7.7	102.9 (18)	194.4 (17)	160.0
17	American Tel & Tel	–5.5	116.0 (15)	115.8 (19)	303.6
18	Metro Mobile CTS	–114.7	190.8 (2)	668.6 (2)	0.4
19	McCaw Cellular	–165.0	172.7 (4)	1153.2 (1)	1.8
	Industry medians	**13.6**	**133.4**	**286.2**	

Ranking The Forbes 500s

This cross-reference lists all 778 companies that show up on at least one of the Forbes 500 rosters.

AMP, A MANUFACTURER OF electrical connectors, is a leader in its markets. With 1988 earnings of $319 million, it ranks 162nd on the Forbes Profits 500. Its revenues of $2.7 billion put it in the 304th position on the Forbes Sales 500. And finally, Wall Street also has a high opinion of AMP. The Harrisburg, Pa.-based corporation has a market value of $4.8 billion, which is good enough to make it the 100th company in the Forbes Market Value 500. When it comes to assets, however, AMP's $2.4 billion do not meet the minimum requirement for our Assets 500 table of $2.6 billion.

The point is this: A single measure of size is bound to leave off important businesses. AMP is not one of the biggest companies as measured by assets. A host of others, especially financial companies, qualify for the assets table but none of the other three tables. The Profits 500 leaves off AT&T, which is ranked 4th in market value and 9th in sales but lost money in 1988.

This cross-index lists all 778 companies that made it onto at least one of the four main tables. It includes 52 companies that did not appear on one of the Forbes 500 lists last year. E-Systems, for example, a growing electronics and defense firm, worked its way onto the Sales 500 with revenues of $1.4 billion.

All 778 companies appear in the roster of employment and productivity, which begins on page 216, and the stock market report, which starts on page 294. Reports on the 500 largest firms begin on the following pages: Sales, 178; Profits, 184; Assets, 198; and Market Value, 208. Rules and definitions for the measurements can be found on page 174.

Where they rank: 1988										
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
323	160	37	58	Abbott Laboratories	4,825	4,937	10,821	752.0	1,022.9	38.3
11	16	88	63	Aetna Life & Casualty	81,415	24,296	5,303	698.9	780.3	44.5
■	■	196	■	Affiliated Publications	425	534	2,614	-80.9	-56.7	4.2
30	226	323	252	HF Ahmanson	40,258	3,517	1,617	202.8	299.9	11.0
447	379	233	233	Air Products & Chemicals	3,136	2,487	2,263	219.5	478.3	12.7
■	113	206	294	Albertson's	1,591	6,773	2,531	162.5	250.9	46.5
■	203	389	287	Alco Standard	1,531	3,871	1,326	166.3	214.9	16.2
■	■	491	■	Alexander & Alexander Services	2,609	1,228	949	65.0	127.6	16.5
■	■	330	332	Alexander & Baldwin	1,070	665	1,578	135.1	182.7	3.2
■	■	■	394	Allegheny Ludlum	704	1,208	674	108.6	128.5	5.5
358	357	268	250	Allegheny Power System	4,334	2,170	1,949	205.1	370.8	5.8
163	47	99	104	Allied-Signal	10,005	11,909	4,809	463.0	879.0	112.4
■	■	334	355	Alltel	2,153	1,068	1,534	125.0	279.6	7.5
489	■	■	■	Altus Bank	2,774	274	21	-22.9	-17.3	1.5
153	68	96	40	Aluminum Co of America	10,538	9,795	4,944	861.4	1,506.7	57.0
380	199	274	60	AMAX	4,076	3,944	1,909	740.9	938.1	19.9
■	418	240	237	Amdahl	1,931	1,802	2,153	213.8	326.2	8.0
291	186	199	358	Amerada Hess	5,372	4,206	2,582	124.2	565.6	8.2
128	105	67	80	American Brands	12,201	7,236	6,118	580.0	791.9	46.0
251	■	■	■	American Capital	6,403	639	51	3.8	16.7	2.1

■ Not on 500 list.

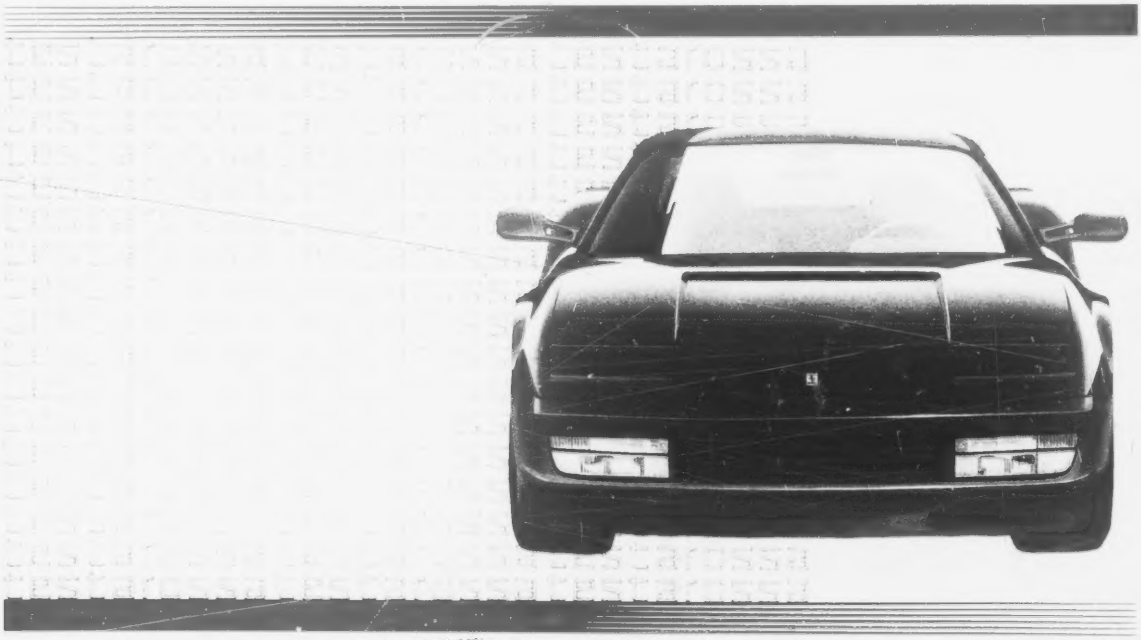
Where they rank: 1988											
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
230	■	■	■	American Continental	6,944	696	113	–39.1	–25.6	2.2
341	173	122	170	American Cyanamid	4,593	4,592	4,188	305.6	305.6	34.9
114	163	90	74	American Electric Power	14,262	4,841	5,274	626.8	1,112.5	22.9
4	17	35	34	American Express	142,704	22,934	11,097	1,038.5	1,038.5	92.2
261	337	434	392	American Family	6,074	2,325	1,115	108.9	108.9	3.4
44	205	138	113	American General	30,422	3,823	3,668	442.0	442.0	17.0
338	145	31	37	American Home Products	4,611	5,501	12,164	932.2	1,073.9	44.6
33	37	36	21	American International Group	37,409	13,613	11,074	1,217.0	1,217.0	31.1
432	262	449	500	American Medical International	3,323	3,017	1,071	76.5	297.0	49.0
362	■	■	440	American National Insurance	4,303	934	841	94.2	104.4	7.5
■	308	■	338	American Petrofina	2,356	2,635	908	132.9	317.6	3.2
■	364	■	486	American President Cos Ltd	1,711	2,131	576	81.3	169.0	4.2
343	■	■	■	American Savings Bank FSB	4,536	403	77	33.3	44.6	1.2
224	24	306	425	American Stores	7,112	18,478	1,738	98.3	358.6	153.3
36	9	4	■	American Telephone & Telegraph	35,152	35,210	30,868	–1,669.0	2,021.0	303.6
337	■	■	■	AmeriFirst Bank	4,629	437	203	–8.5	5.2	2.1
85	66	28	19	Ameritech	19,163	9,903	12,888	1,237.4	2,994.8	77.9
150	■	■	408	Ameritrust	10,738	1,052	775	103.5	103.5	5.9
■	233	■	■	Ames Department Stores	2,130	3,363	525	47.2	97.2	37.2
45	18	10	10	Amoco	29,919	21,150	19,390	2,063.0	4,381.0	50.1
■	304	100	162	AMP	2,376	2,670	4,781	319.1	477.6	23.1
168	79	163	98	AMR	9,722	8,824	3,173	476.8	1,029.6	67.9
195	■	■	490	AmSouth Bancorporation	8,313	797	551	79.8	93.5	4.9
■	■	387	■	Anadarko Petroleum	1,490	333	1,335	39.8	163.5	0.7
192	■	■	■	Anchor Savings Bank FSB	8,402	750	127	–7.4	31.6	3.5
225	77	45	62	Anheuser-Busch Cos	7,110	8,924	8,927	715.9	1,074.9	41.6
197	296	297	271	Aon	8,266	2,732	1,775	179.5	232.0	8.9
429	■	■	■	Apple Bank for Savings	3,337	296	141	24.3	30.4	1.2
■	178	95	121	Apple Computer	2,276	4,434	4,958	419.3	503.6	9.0
324	98	135	140	Archer-Daniels-Midland	4,817	7,379	3,715	364.4	565.1	9.8
■	■	■	417	Argonaut Group	1,885	467	453	101.8	101.8	0.8
■	■	■	291	Aristech Chemical	676	1,065	664	164.5	196.9	1.7
435	392	313	372	Arkla	3,285	1,996	1,699	117.3	253.2	6.3
487	244	■	418	Armco	2,788	3,227	878	101.3	191.8	20.1
■	303	322	293	Armstrong World Industries	2,098	2,680	1,619	162.7	271.9	25.9
■	393	427	246	Asarco	2,223	1,988	1,150	207.2	265.9	8.1
360	93	267	210	Ashland Oil	4,322	7,860	1,961	239.6	505.2	39.7
204	■	■	■	Atlantic Financial Federal	7,940	753	18	–32.0	–2.7	2.2
74	27	24	14	Atlantic Richfield	21,514	17,626	13,865	1,583.0	3,436.0	26.5
■	449	183	276	Automatic Data Processing	1,593	1,617	2,874	178.2	296.1	22.0
■	460	473	495	Avery International	1,119	1,582	1,003	77.7	122.8	11.7
■	399	■	■	Avnet	1,100	1,934	793	50.7	81.1	9.8
■	257	455	■	Avon Products	2,460	3,063	1,051	–424.5	–359.6	28.5
■	333	318	■	Baker Hughes	2,100	2,336	1,660	58.1	176.6	21.3
480	403	■	■	Bally Manufacturing	2,867	1,867	593	38.0	175.0	31.3
428	■	■	■	Baltimore Bancorp	3,340	275	160	1.8	9.0	1.1
309	409	210	171	Baltimore Gas & Electric	5,126	1,864	2,468	303.4	502.9	8.8
61	295	181	154	Banc One	25,274	2,735	2,876	340.2	398.9	16.9
279	■	■	■	Banco Popular de Puerto Rico	5,707	552	355	47.4	60.0	4.5
244	■	■	■	Bancorp Hawaii	6,635	583	560	74.9	87.7	3.5

■ Not on 500 list

Ranking The Forbes 500s

Where they rank: 1988 Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
■	■	488	■	Bandag	315	491	953	69.8	85.4	2.3
35	150	319	159	Bank of Boston	36,061	5,296	1,641	322.3	384.3	19.9
39	246	336	185	Bank of New England	32,200	3,197	1,522	281.7	364.9	17.3
24	309	226	238	Bank of New York	47,388	2,620	2,342	213.0	272.4	10.9
321	■	■	■	Bank South	4,881	482	337	43.4	58.2	3.1
8	62	158	84	BankAmerica	94,647	10,181	3,270	547.0	760.0	56.6
20	127	185	68	Bankers Trust New York	57,942	5,851	2,839	647.7	734.5	12.5
481	■	■	■	BanPonce	2,842	296	141	20.9	26.8	2.2
■	■	398	493	CR Bard	531	758	1,296	78.7	102.2	7.9
59	312	254	227	Barnett Banks	25,748	2,546	2,040	226.4	311.1	17.9
■	■	499	■	Battle Mountain Gold	206	141	918	59.4	67.9	0.5
■	■	399	429	Bausch & Lomb	1,211	978	1,293	97.9	138.6	9.2
188	110	115	130	Baxter International	8,550	6,861	4,327	388.0	723.0	62.8
175	■	■	455	BayBanks	9,496	917	689	88.5	112.7	5.7
356	■	■	■	BB&T Financial	4,377	412	323	38.7	43.8	2.9
32	375	462	253	Bear Stearns Cos	37,901	2,078	1,036	199.2	199.2	5.9
■	427	252	288	Becton Dickinson	2,166	1,749	2,045	165.1	279.1	20.3
63	51	22	16	Bell Atlantic	24,729	10,880	14,013	1,316.8	3,670.8	81.0
52	38	12	13	BellSouth	28,472	13,597	18,504	1,665.5	4,347.6	99.5
215	487	482	401	Beneficial Corp	7,535	1,418	971	105.0	148.6	6.7
287	■	■	■	Benj Franklin Federal S&L	5,469	525	34	11.5	26.7	1.6
■	210	■	■	Bergen Brunswig	1,033	3,730	420	40.1	49.7	3.8
236	335	84	124	Berkshire Hathaway	6,817	2,333	5,386	399.3	429.1	20.0
347	146	308	127	Bethlehem Steel	4,449	5,489	1,734	391.6	725.2	32.9

■ Not on 500 list.



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Ranking The Forbes 500s

Where they rank: 1988				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
■	385	■	■	Beverly Enterprises	1,844	2,025	338	-23.9	64.7	108.0
■	330	379	405	Black & Decker	1,929	2,374	1,357	104.3	198.1	20.3
■	■	346	452	H&R Block	485	835	1,487	90.2	117.1	3.5
110	■	460	■	Boatmen's Bancshares	14,676	1,378	1,043	69.8	104.4	8.9
122	30	43	77	Boeing	12,608	16,962	9,290	614.0	1,155.0	147.3
404	190	282	178	Boise Cascade	3,610	4,095	1,853	289.1	476.7	20.0
350	104	114	166	Borden	4,440	7,244	4,379	311.9	484.8	45.4
485	■	■	474	Boston Edison	2,817	1,203	625	84.2	208.5	4.5
■	488	480	292	Bowater	1,880	1,410	981	164.3	262.3	5.0
302	121	25	44	Bristol-Myers	5,190	5,973	13,021	829.0	956.9	34.7
245	■	■	■	Broad Inc[1]	6,632	1,157	NA	-13.7	-13.7	0.6
■	■	325	321	Brown-Forman	1,048	1,048	1,612	142.2	173.3	6.1
■	434	■	■	Brown Group	728	1,707	547	8.3	34.8	29.0
■	356	129	212	Browning-Ferris Industries	2,337	2,172	4,060	235.7	469.7	19.9
■	379	■	■	Bruno's	631	2,063	836	44.5	75.2	17.0
■	239	352	259	Brunswick	2,092	3,282	1,461	193.1	341.0	28.5
254	171	74	247	Burlington Northern	6,330	4,700	5,892	207.2	567.3	32.4
286	359	98	■	Burlington Resources	5,589	2,167	4,881	72.1	316.2	7.0
■	424	463	■	Cabot	1,641	1,770	1,025	67.7	174.5	5.2
54	282	■	335	CalFed	27,482	2,816	549	134.8	252.5	6.6
377	152	126	197	Campbell Soup	4,100	5,269	4,073	258.8	443.5	48.4
260	166	60	132	Capital Cities/ABC	6,089	4,773	6,520	387.1	546.9	19.9
118	382	349	262	Capital Holding	12,963	2,046	1,470	189.9	212.7	8.1
■	■	247	257	Carnival Cruise Lines	1,049	600	2,086	196.4	223.9	6.0

■ Not on 500 list. [1]Excludes operations of Kaufman & Broad Home spun off on 3/7/89; market value not available

Where they rank: 1988											
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
217	342	173	256	Carolina Power & Light	7,504	2,273	3,004	196.8	536.7	9.2
■	298	■	■	Carter Hawley Hale Stores	1,889	2,708	190	6.3	59.1	35.0
■	321	316	383	Castle & Cooke	1,920	2,469	1,672	112.3	153.3	40.5
169	61	61	76	Caterpillar	9,686	10,255	6,452	616.0	1,050.0	58.0
353	287	131	26	CBS	4,407	2,778	4,024	1,153.0	1,210.4	7.5
391	■	277	353	Centel	3,753	1,095	1,883	126.3	307.1	12.9
140	383	275	■	Centerior Energy	11,573	2,038	1,901	–102.1	162.7	9.0
■	430	■	■	Centex	1,045	1,730	427	31.9	42.6	4.4
203	318	171	158	Central & South West	8,110	2,512	3,020	324.0	599.0	8.7
376	■	■	■	Central Bancshares of the South	4,109	401	314	41.0	54.9	2.5
330	■	■	■	Central Fidelity Banks	4,731	444	434	49.5	58.9	3.2
■	■	■	463	Central Illinois Public Service	1,678	616	760	86.2	149.0	2.7
159	■	■	■	CenTrust Savings Bank	10,165	959	50	6.5	29.1	2.8
241	155	167	106	Champion International	6,700	5,129	3,065	456.4	716.0	30.6
7	43	207	31	Chase Manhattan	97,455	12,365	2,523	1,058.9	1,351.6	42.0
16	97	263	57	Chemical Banking	67,349	7,549	1,986	753.6	913.6	27.9
37	15	16	11	Chevron	33,968	25,196	15,651	1,768.0	4,310.0	52.7
23	8	71	32	Chrysler	48,562	35,473	5,993	1,050.2	2,206.5	130.2
167	198	223	141	Chubb	9,741	3,980	2,357	359.6	380.3	9.8
21	26	136	99	Cigna	55,825	17,889	3,704	472.2	472.2	48.5
■	■	376	472	Cincinnati Bell	1,253	738	1,361	84.3	199.1	6.7
■	■	■	346	Cincinnati Financial	2,117	910	854	128.7	136.0	1.6
425	500	393	226	Cincinnati Gas & Electric	3,361	1,386	1,312	226.9	316.0	4.7
■	248	■	■	Circle K	1,871	3,188	494	52.5	134.9	22.8

■ Not on 500 list

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Ranking The Forbes 500s

Where they rank: 1988				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
■	448	■	■	Circuit City Stores	686	1,619	799	63.0	78.9	6.6
336	■	■	■	Citadel Holding	4,642	384	114	24.1	28.2	0.8
1	12	47	12	Citicorp	207,666	32,024	8,256	1,698.0	2,397.0	89.5
76	371	335	248	Citizens & Southern	21,098	2,090	1,524	206.3	278.8	13.6
342	■	■	■	Citizens Savings Financial	4,576	301	37	14.3	19.4	1.0
■	■	291	■	Citizens Utilities	1,013	300	1,813	74.2	104.4	1.6
363	■	■	■	City National	4,296	371	589	49.3	58.5	2.1
152	■	■	■	CityFed Financial	10,585	1,047	65	–22.2	11.6	4.6
■	■	310	324	Clorox	1,161	1,354	1,715	138.5	184.0	4.7
196	269	259	189	CMS Energy	8,305	2,943	2,006	271.6	533.7	10.1
■	■	■	439	CNW	1,727	995	413	94.2	148.2	8.6
121	■	■	■	Coast Savings & Loan Association	12,647	1,110	193	47.8	68.4	2.3
206	88	255	302	Coastal Corp	7,865	8,237	2,039	157.4	469.1	18.4
218	84	15	33	Coca-Cola	7,451	8,338	15,832	1,044.7	1,214.5	18.1
335	202	260	308	Coca-Cola Enterprises	4,669	3,874	1,993	152.6	378.2	23.5
440	168	159	163	Colgate-Palmolive	3,218	4,734	3,246	317.8	399.8	24.7
486	■	■	■	Colorado National Bankshares	2,811	312	134	10.6	21.3	2.7
285	252	332	369	Columbia Gas System	5,641	3,129	1,567	119.0	331.8	10.8
410	498	380	■	Columbia Pictures Entertainment	3,535	1,387	1,356	–97.8	602.2	5.6
120	■	■	■	Columbia Savings & Loan Association	12,744	1,302	143	65.0	73.1	1.0
■	229	447	■	Combustion Engineering	2,546	3,484	1,078	–245.2	–135.1	28.2
■	■	431	■	Comcast	1,609	412	1,130	–19.7	74.4	3.0
396	■	■	435	Comdisco	3,687	1,331	868	96.0	502.0	1.3
146	■	■	384	Comerica	11,145	1,043	719	112.0	132.2	6.1
289	■	■	■	Commerce Bancshares	5,444	479	405	49.0	63.4	3.6
232	■	■	■	Commercial Federal	6,883	613	56	1.4	26.5	1.4
82	138	56	61	Commonwealth Edison	20,196	5,613	6,979	737.5	1,693.9	17.9
■	■	445	■	Community Psychiatric Centers	478	347	1,086	70.8	82.0	5.9
■	378	231	198	Compaq Computer	1,590	2,066	2,298	255.2	304.2	5.1
■	■	205	320	Computer Associates International	1,156	925	2,537	142.4	212.5	5.3
382	60	228	280	ConAgra	3,994	10,295	2,323	171.7	263.1	42.6
171	156	89	78	Consolidated Edison	9,552	5,109	5,301	599.3	907.4	20.2
■	300	410	379	Consolidated Freightways	1,536	2,689	1,244	113.2	229.4	27.9
375	322	152	261	Consolidated Natural Gas	4,109	2,468	3,328	192.9	435.5	7.5
■	■	340	312	Consolidated Papers	935	897	1,504	149.9	195.0	4.5
219	228	230	169	Consolidated Rail	7,224	3,490	2,313	306.0	577.0	32.6
270	268	162	187	Contel	5,865	2,964	3,197	276.1	743.9	22.2
43	263	■	164	Continental Bank	30,578	3,012	844	315.8	347.3	8.9
116	125	304	■	Continental Corp	13,302	5,878	1,745	0.9	50.5	17.0
■	213	■	■	Control Data	2,534	3,628	820	1.7	196.0	34.0
354	183	188	229	Cooper Industries	4,384	4,258	2,737	224.4	379.1	44.8
■	470	■	■	Adolph Coors	1,571	1,522	733	46.9	157.4	10.2
96	446	326	272	CoreStates Financial	16,431	1,630	1,594	179.5	229.9	8.0
475	365	165	176	Corning Glass Works	2,898	2,122	3,082	292.4	446.3	25.9
■	352	■	■	Costco Wholesale	552	2,194	391	14.5	23.6	6.0
427	170	127	179	CPC International	3,342	4,700	4,064	289.1	470.3	31.8
■	■	296	303	Cray Research	991	756	1,777	156.6	239.9	4.8
154	■	■	461	Crestar Financial	10,408	1,013	678	86.7	119.2	5.8
105	■	■	403	CrossLand Savings FSB	15,144	1,365	239	104.8	148.8	3.5

■ Not on 500 list

Ranking The Forbes 500s

Where they rank: 1988				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
■	413	408	443	Crown Cork & Seal	1,073	1,834	1,250	93.4	150.7	12.5
117	96	150	313	CSX	13,026	7,592	3,387	147.0	614.0	54.0
423	■	■	■	Cullen/Frost Bankers	3,386	315	105	2.4	10.0	1.9
■	236	■	■	Cummins Engine	2,064	3,310	685	–63.4	68.4	25.3
■	■	■	283	Cyprus Minerals	1,651	1,327	852	170.0	243.0	6.3
327	153	329	295	Dana	4,786	5,190	1,580	162.2	325.9	38.5
430	■	■	■	Dauphin Deposit	3,336	298	392	40.7	47.9	1.7
247	45	166	183	Dayton Hudson	6,523	12,204	3,077	287.0	579.0	135.0
■	450	■	■	Dean Foods	563	1,612	789	46.1	83.2	7.0
280	147	140	194	Deere	5,703	5,461	3,584	267.6	452.9	38.1
■	■	■	469	Delmarva Power & Light	1,915	768	820	84.7	162.6	2.6
274	101	211	150	Delta Air Lines	5,816	7,323	2,466	344.5	719.3	51.3
■	■	244	318	Deluxe Corp	786	1,196	2,134	143.4	203.2	16.0
405	■	■	■	Deposit Guaranty	3,571	347	253	31.5	41.1	2.3
160	253	203	■	Detroit Edison	10,060	3,102	2,550	–235.3	90.1	10.9
■	417	■	■	Diamond Shamrock R&M	843	1,804	365	54.3	91.7	3.7
157	44	33	22	Digital Equipment	10,231	12,285	11,951	1,209.1	1,817.4	116.0
■	311	375	377	Dillard Department Stores	2,068	2,558	1,362	113.8	187.2	23.1
132	■	■	■	Dime Savings Bank of New York FSB	12,007	1,051	319	45.6	59.1	3.3
278	207	46	81	Walt Disney	5,751	3,747	8,778	569.9	918.9	35.0
180	■	■	478	Dominion Bankshares	9,204	898	623	83.0	106.5	5.3
156	234	123	115	Dominion Resources	10,282	3,344	4,133	438.4	936.1	14.0
■	275	193	249	RR Donnelley & Sons	2,346	2,878	2,690	205.3	367.1	24.0
■	395	276	315	Dover	1,366	1,954	1,883	145.8	219.6	19.0
97	31	14	6	Dow Chemical	16,239	16,682	16,105	2,410.0	3,343.0	54.3
■	451	175	223	Dow Jones	2,112	1,603	2,975	228.2	368.4	9.0
359	■	■	■	Downey Savings & Loan Assn	4,333	331	165	29.0	34.2	1.1
■	■	459	357	DPL	2,468	984	1,045	124.7	185.7	2.8
472	196	265	330	Dresser Industries	2,911	3,989	1,975	135.7	231.6	30.8
■	■	■	450	Dreyfus	763	268	664	90.9	94.3	1.3
42	11	9	7	EI du Pont de Nemours	30,719	32,514	21,130	2,190.0	4,406.0	140.5
183	214	107	108	Duke Power	8,891	3,627	4,684	448.1	1,081.0	20.1
315	182	40	92	Dun & Bradstreet	5,024	4,267	10,038	499.0	752.1	65.5
388	■	446	327	Duquesne Light	3,877	1,063	1,084	137.4	291.5	4.3
■	484	■	■	E-Systems	758	1,439	904	74.6	108.7	16.1
67	29	19	15	Eastman Kodak	22,960	17,034	14,628	1,397.0	2,580.0	134.9
456	231	249	220	Eaton	3,034	3,469	2,067	230.0	355.1	36.9
■	499	498	■	Echlin	1,110	1,386	919	64.9	102.0	14.7
■	491	■	■	EG&G	539	1,406	863	68.7	93.3	24.0
293	111	57	85	Emerson Electric	5,327	6,793	6,822	540.7	769.4	70.8
■	289	363	352	Emhart	2,427	2,763	1,427	126.6	219.2	31.6
144	■	■	■	Empire of America FSB	11,281	1,090	21	–57.3	–12.4	4.0
■	332	■	■	Engelhard	1,413	2,351	771	63.7	120.4	7.5
184	131	307	341	Enron	8,695	5,708	1,735	130.2	519.5	6.6
463	293	441	■	Enserch	2,970	2,739	1,095	–216.4	–98.9	15.2
426	■	■	■	Equimark	3,353	390	129	25.3	36.7	1.9
300	■	■	■	Equitable Bancorporation	5,245	545	300	48.2	56.2	3.1
■	495	■	■	Esselte Business Systems	1,073	1,401	618	58.9	97.1	13.0
298	297	197	218	Ethyl	5,251	2,718	2,609	231.0	332.6	10.2

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Ranking The Forbes 500s

Where they rank: 1988				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
493	■	■	■	Exchange Bancorp	2,738	241	223	23.9	28.2	0.9
14	3	2	3	Exxon	74,293	80,868	56,703	5,260.0	10,050.0	100.5
328	■	■	■	Far West Financial	4,760	455	62	8.6	13.0	0.7
408	■	■	■	Farm & Home Financial	3,548	312	133	11.8	14.2	0.8
443	184	195	243	Federal Express	3,145	4,244	2,618	210.1	535.1	48.6
5	53	133	90	Federal National Mortgage Assn	112,258	10,635	3,992	506.7	506.7	2.5
■	■	■	319	Federal Paper Board	1,335	1,117	792	143.3	201.6	5.6
299	■	476	475	Fifth Third Bancorp	5,246	506	987	84.2	92.7	3.0
317	■	■	■	Financial Corp of Santa Barbara	5,013	476	20	–4.7	17.0	0.9
145	211	372	202	Fireman's Fund	11,190	3,704	1,374	247.0	263.0	12.3
303	■	■	■	First Alabama Bancshares	5,174	474	508	58.2	71.5	3.9
220	■	■	■	First American	7,204	699	509	30.4	46.7	4.1
455	■	■	■	First Bancorporation of Ohio	3,049	254	303	33.9	39.2	2.2
65	398	400	■	First Bank System	24,248	1,943	1,292	–310.0	–280.3	9.0
476	■	■	■	First Capital	2,895	270	230	27.5	36.4	1.9
221	■	■	■	First Capital Holdings	7,177	736	202	52.7	52.7	1.0
26	165	286	88	First Chicago	44,432	4,791	1,846	513.1	635.1	15.6
420	■	■	■	First Citizens BancShares	3,410	315	288	21.2	34.4	3.7
129	■	■	■	First City Bancorp of Texas	12,195	865[1]	361	66.1[1]	66.1[1]	6.9
371	■	■	■	First Commerce	4,166	387	201	23.5	39.0	2.3
269	■	■	■	First Empire State	5,908	537	367	44.5	51.3	2.6
87	259	435	251	First Executive	18,225	3,049	1,108	204.5	204.5	1.1
134	■	■	■	First Federal of Michigan	11,942	1,120	165	35.6	46.2	1.9
47	284	333	■	First Fidelity Bancorp	29,777	2,805	1,550	33.9	82.9	14.0
308	■	■	■	First Florida Banks	5,132	479	428	48.9	71.8	3.8
367	■	■	■	First Hawaiian	4,236	385	405	43.3	52.0	2.2
19	123	264	415	First Interstate Bancorp	58,194	5,932	1,982	102.4	277.2	38.3
282	■	■	■	First National Cincinnati	5,657	531	542	55.4	66.7	3.4
166	■	■	454	First of America Bank	9,769	885	543	88.8	111.6	7.3
250	■	■	■	First Pennsylvania	6,407	623	476	58.2	70.5	3.6
304	■	■	■	First Security	5,159	522	303	33.0	43.1	4.1
266	■	■	■	First Tennessee National	5,972	611	387	52.3	72.8	4.2
50	272	220	173	First Union	28,978	2,899	2,367	296.9	403.5	20.0
325	■	■	■	First Virginia Banks	4,796	482	520	60.9	71.7	4.3
71	386	238	205	First Wachovia	21,815	2,020	2,172	244.3	296.9	13.5
208	■	■	388	Firstar	7,842	792	567	109.9	133.3	6.2
49	258	187	155	Fleet/Norstar Financial	29,052	3,051	2,740	335.8	446.0	19.1
■	464	■	■	Fleetwood Enterprises	637	1,567	575	67.7	79.2	10.3
■	58	466	■	Fleming Cos	2,559	10,467	1,018	65.4	127.4	21.6
312	■	■	■	Florida Federal Savings Bank	5,063	452	20	–73.5	–65.5	1.8
209	■	■	■	Florida National Banks of Florida	7,828	749	435	34.9	63.1	4.9
361	389	293	270	Florida Progress	4,304	2,002	1,787	179.8	370.2	8.0
■	144	284	■	Fluor	2,034	5,514	1,850	69.0	150.5	16.1
491	238	440	344	FMC	2,749	3,287	1,096	129.2	328.5	24.6
■	206	160	381	Food Lion	1,089	3,815	3,219	112.5	162.4	31.3
3	2	6	2	Ford Motor	143,150	92,446	24,068	5,300.2	9,092.5	358.9
438	■	■	■	Fortune Financial Group	3,258	288	117	–2.0	12.4	0.8
497	■	■	■	Fourth Financial	2,693	255	306	30.6	38.2	1.5
137	126	125	109	FPL Group	11,793	5,854	4,081	447.8	1,063.7	19.5

■ Not on 500 list. [1]Since Apr. 20, 1988

Ranking The Forbes 500s

Where they rank: 1988										
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
392	397	281	167	Freeport-McMoRan	3,730	1,945	1,857	310.1	542.6	6.7
■	381	■	■	Fruehauf	1,584	2,054	22	-56.5	57.0	15.6
■	■	■	446	Fuqua Industries	1,146	934	634	92.7	120.2	13.0
390	235	75	139	Gannett	3,793	3,314	5,738	364.5	541.6	33.0
■	■	350	■	Gap	481	1,252	1,466	74.2	105.6	17.8
454	426	272	264	Geico	3,061	1,757	1,915	189.0	199.4	6.6
■	406	■	■	GenCorp	1,230	1,891	531	67.0	130.0	14.9
■	■	388	■	Genentech	669	323	1,327	20.6	58.9	1.6
■	329	303	407	General Cinema	2,053	2,378	1,754	104.2	179.9	26.0
259	69	246	134	General Dynamics	6,118	9,551	2,116	379.0	705.4	104.1
6	6	3	5	General Electric	110,865	49,773	40,370	3,386.0	5,652.0	310.0
■	■	■	473	General Instrument	1,340	1,268	892	84.3	163.1	15.9
■	142	118	90	General Mills	2,566	5,557	4,262	506.7	656.3	70.0
2	1	5	4	General Motors	163,820	121,817	30,852	4,632.1	11,969.6	765.7
249	278	237	184	General Public Utilities	6,415	2,834	2,205	283.8	562.5	13.6
177	294	91	97	General Re	9,394	2,736	5,150	480.0	480.7	2.4
■	425	■	■	General Signal	1,397	1,760	905	25.2	87.0	19.1
■	270	186	267	Genuine Parts	1,141	2,942	2,746	181.4	205.7	14.9
■	■	490	258	Georgia Gulf	457	1,061	950	193.6	209.2	1.2
223	71	144	101	Georgia-Pacific	7,115	9,509	3,497	467.0	917.0	43.0
■	■	422	■	Gerber Products	662	933	1,163	56.2	76.2	14.7
■	264	354	428	Giant Food	983	2,987	1,459	98.0	159.8	23.6
107	■	■	■	Gibraltar Financial	15,011	1,298	26	-100.5	-73.6	2.7
479	219	161	192	Gillette	2,868	3,581	3,213	268.5	409.7	29.9
■	■	500	481	PH Glatfelter	663	569	915	82.2	105.2	3.4
62	323	■	307	GlenFed	25,025	2,465	576	153.7	208.6	7.0
95	489	478	325	Golden West Financial	16,721	1,410	985	138.3	164.4	3.0
109	493	■	■	Goldome	14,963	1,405	60	-119.1	-42.7	5.1
■	326	395	260	BF Goodrich	2,073	2,417	1,304	193.0	288.9	12.1
186	52	176	147	Goodyear Tire & Rubber	8,618	10,810	2,936	350.1	707.2	114.2
294	129	236	222	WR Grace	5,310	5,786	2,208	228.8	510.0	42.6
■	468	351	393	WW Grainger	936	1,535	1,464	108.8	137.3	6.7
98	452	■	■	Great American First Savings	16,084	1,601	269	50.3	63.3	3.8
■	475	■	■	Great American Management & Investment	1,493	1,505	164	22.5	56.4	8.6
■	63	312	351	Great Atlantic & Pacific Tea	2,336	10,068	1,703	127.6	286.4	82.3
402	■	■	■	Great Lakes Bancorp FSB	3,638	334	71	16.3	24.5	1.0
■	■	469	413	Great Lakes Chemical	664	558	1,016	103.3	135.6	2.4
389	217	241	152	Great Northern Nekoosa	3,821	3,588	2,147	341.7	529.2	19.6
38	249	270	201	Great Western Financial	32,815	3,166	1,922	248.4	248.4	12.1
458	■	■	■	Greater New York Savings Bank	3,010	250	104	9.1	11.3	0.7
313	237	429	444	Greyhound	5,034	3,305	1,142	93.3	194.3	37.2
■	216	■	462	Grumman	2,566	3,591	646	86.5	200.3	32.9
41	32	20	20	GTE	31,104	16,460	14,520	1,224.7	3,783.8	160.0
90	151	105	129	Gulf & Western	17,752	5,277	4,738	389.2	1,045.8	20.0
234	471	■	371	Gulf States Utilities	6,858	1,520	851	117.5	341.9	4.8
331	164	174	471	Halliburton	4,722	4,839	2,979	84.6	297.3	54.9
■	■	■	477	MA Hanna	964	1,019	415	83.2	116.6	9.0
499	461	■	367	Hanover Insurance Cos	2,649	1,580	552	119.9	119.9	5.7
439	423	■	■	Harcourt Brace Jovanovich	3,233	1,782	682	-53.5	71.4	14.4

■ Not on 500 list

Where they rank: 1988				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
■	367	458	■	Harris Corp	2,041	2,105	1,045	67.1	194.8	23.5
498	■	■	■	Hawaiian Electric Industries	2,683	733	613	55.0	94.5	2.7
368	134	70	117	HJ Heinz	4,208	5,639	5,998	424.7	564.8	38.5
482	■	360	■	Henley Group[1]	2,833	1,036	1,434	–47.0	41.0	6.9
431	285	253	366	Hercules	3,325	2,802	2,041	120.4	265.3	22.9
■	358	225	236	Hershey Foods	1,765	2,168	2,345	213.9	265.8	11.3
210	59	30	43	Hewlett-Packard	7,804	10,296	12,440	830.0	1,210.0	84.5
272	■	■	■	Hibernia	5,834	546	461	53.0	65.6	2.3
■	■	428	■	Hillenbrand Industries	735	884	1,145	69.7	138.6	7.6
■	439	■	■	Hills Department Stores	900	1,671	156	10.6	40.8	23.2
■	■	202	340	Hilton Hotels	1,893	915	2,553	130.9	194.5	36.5
■	428	216	137	Himont	1,959	1,746	2,412	375.0	419.2	3.2
■	454	■	373	Holiday	2,139	1,597	717	117.2	249.4	41.5
■	420	464	■	Holly Farms	784	1,798	1,022	69.0	107.2	14.8
■	391	327	499	Home Depot	699	2,000	1,589	76.8	91.4	11.4
115	265	■	459	Home Group	13,302	2,978	376	87.5	87.5	8.1
93	462	■	385	HomeFed	17,009	1,578	524	111.3	141.0	4.5
■	■	412	■	Homestake Mining	984	346	1,231	63.3	122.4	2.1
277	■	■	■	Homestead Financial	5,756	490	49	–9.1	19.5	0.9
311	107	200	■	Honeywell	5,089	7,148	2,577	–434.9	–103.0	78.6
■	340	■	■	Geo A Hormel	682	2,289	843	61.7	98.2	8.4
78	307	262	203	Household International	21,032	2,637	1,987	246.7	328.0	11.5
158	215	153	119	Houston Industries	10,207	3,596	3,318	421.9	736.9	11.6
301	■	■	■	Howard Savings Bank	5,221	481	250	35.1	43.8	2.4
■	■	486	■	Hubbell	523	614	965	71.3	86.2	5.2
413	220	209	216	Humana	3,529	3,580	2,490	231.6	431.9	48.0
174	■	■	458	Huntington Bancshares	9,506	881	650	87.6	106.9	5.2
179	274	■	■	ICH	9,294	2,885	234	42.9	80.9	4.9
262	■	353	305	Illinois Power	6,053	1,285	1,460	155.4	349.1	4.6
■	400	287	322	Illinois Tool Works	1,380	1,930	1,835	140.0	202.1	13.9
■	■	424	359	IMC Fertilizer Group	1,502	1,185	1,159	124.0	206.9	5.5
125	■	■	■	Imperial Corp of America	12,263	1,161	131	10.7	40.6	1.8
484	■	■	■	Independence Bancorp	2,826	226	206	–10.4	–6.4	1.4
268	■	■	■	Indiana National	5,927	545	492	55.8	64.1	2.9
■	261	301	298	Ingersoll-Rand	2,483	3,021	1,757	161.6	238.4	29.9
469	193	366	200	Inland Steel Industries	2,925	4,068	1,412	248.8	383.7	20.6
231	■	■	■	Integra Financial	6,927	646	548	66.4	66.4	3.8
205	476	■	■	Integrated Resources	7,870	1,500	103	49.2	65.9	3.7
407	276	117	107	Intel	3,550	2,875	4,288	452.9	663.9	20.0
■	291	■	380	Interco	2,100	2,746	134	112.7	170.4	53.5
■	■	417	456	Intergraph	831	800	1,196	88.0	122.5	6.8
15	4	1	1	International Business Machines	73,037	59,681	71,822	5,491.0	10,255.0	388.2
■	■	279	347	International Flavors & Fragrances	883	840	1,872	128.7	151.4	4.1
■	■	■	483	International Minerals & Chemical	2,072	1,044	861	82.1	151.7	9.9
■	411	■	■	International Multifoods	855	1,847	356	35.9	64.7	8.8
176	70	92	56	International Paper	9,462	9,533	5,136	754.0	1,200.0	48.0
■	■	■	424	Ipalco Enterprises	1,752	609	854	99.0	170.7	2.3
381	445	■	■	Itel	4,009	1,644	897	24.8	139.7	4.0
27	22	59	47	ITT	41,941	19,355	6,732	817.0	1,317.0	118.5

■ Not on 500 list. [1]Two new companies were formed on 12/31/88 when Henley Group changed its name to Wheelabrator Group (too small to be ranked) and distributed shares in the "new" Henley Group.

Ranking The Forbes 500s

Where they rank: 1988				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
290	135	229	209	James River Corp of Virginia	5,402	5,623	2,320	239.8	479.4	37.0
370	■	426	419	Jefferson-Pilot	4,174	1,223	1,156	101.2	117.3	4.5
■	■	436	316	Jefferson Smurfit	817	1,255	1,104	144.5	181.3	7.7
222	75	21	36	Johnson & Johnson	7,119	9,000	14,176	974.0	1,365.0	79.8
■	245	386	404	Johnson Controls	2,038	3,227	1,338	104.6	228.9	27.9
130	13	55	49	K mart	12,126	27,550	7,004	802.9	1,239.9	342.5
500	■	483	400	Kansas City Power & Light	2,647	737	969	105.7	202.4	2.8
■	■	■	496	Kansas Gas & Electric	2,443	526	725	77.2	158.2	1.3
■	■	■	491	Kansas Power & Light	1,777	1,166	791	79.8	150.2	4.5
434	180	48	96	Kellogg	3,298	4,349	7,898	480.4	620.1	17.6
131	251	368	230	Kemper	12,078	3,135	1,390	223.8	223.8	16.6
■	■	■	492	Kentucky Utilities	1,351	560	695	79.3	131.0	2.2
448	301	289	387	Kerr-McGee	3,123	2,689	1,830	110.0	418.0	7.7
111	496	■	368	KeyCorp	14,646	1,394	827	119.9	158.4	10.5
365	148	106	135	Kimberly-Clark	4,268	5,394	4,691	378.6	566.2	37.8
264	■	■	■	Kinder-Care	5,984	935	412	43.3	79.1	20.5
■	373	217	304	Knight-Ridder	2,357	2,083	2,410	156.4	251.4	22.5
339	28	■	■	Kroger	4,600	17,463	718	34.5	267.0	165.0
■	■	■	442	Lafarge	1,199	1,309	830	93.5	160.0	6.7
441	■	■	■	Liberty National Bancorp	3,163	290	262	28.9	37.2	1.8
295	192	34	54	Eli Lilly	5,263	4,070	11,724	761.0	965.0	26.2
■	191	97	204	Limited	2,146	4,071	4,885	245.1	387.6	53.5
■	■	139	482	LIN Broadcasting	582	226	3,651	82.1	96.4	1.1
80	102	292	314	Lincoln National	20,964	7,312	1,808	146.7	183.8	15.0
318	159	295	279	Litton Industries	4,962	4,943	1,777	172.8	372.5	54.6
■	■	337	386	Liz Claiborne	629	1,184	1,514	110.3	122.9	4.1
243	54	215	75	Lockheed	6,643	10,590	2,448	624.0	999.0	93.1
58	57	73	39	Loews	25,830	10,507	5,972	908.5	999.2	24.2
228	■	■	■	Lomas Financial	7,004	1,283	378	24.0	334.0	4.6
437	■	■	■	Lone Star Technologies	3,267	688	303	–24.8	–3.2	3.1
194	362	365	172	Long Island Lighting	8,326	2,138	1,418	298.5	392.1	6.3
■	401	■	■	Longs Drug Stores	508	1,925	710	55.9	72.1	12.2
■	■	■	423	Longview Fibre	652	690	785	99.2	133.7	3.4
■	477	■	466	Loral	1,447	1,493	820	85.2	161.1	14.1
■	■	481	■	Louisiana Land & Exploration	1,429	695	976	–70.2	141.7	0.7
■	419	454	331	Louisiana-Pacific	1,796	1,799	1,053	135.2	280.3	13.0
■	■	■	468	Louisville Gas & Electric	1,763	660	701	85.0	135.8	4.2
■	315	■	■	Lowe's Cos	1,086	2,517	780	69.2	110.4	14.8
257	100	■	■	LTV	6,163	7,325	236	–890.6	–648.6	46.0
■	■	383	339	Lubrizol	971	1,126	1,349	131.2	181.9	4.8
■	368	■	■	Mack Trucks	1,684	2,102	366	24.9	54.6	9.4
17	91	356	59	Manufacturers Hanover	66,710	8,019	1,451	752.0	883.3	26.3
178	■	■	434	Manufacturers National	9,311	924	671	96.3	113.4	5.3
■	380	■	436	Manville	2,400	2,062	342	96.0	194.2	18.3
■	429	444	374	Mapco	1,376	1,736	1,089	117.1	188.5	5.0
■	■	172	268	Marion Laboratories	627	827	3,017	181.0	208.7	3.2
265	99	147	215	Marriott	5,981	7,370	3,438	232.0	433.0	219.7
■	343	132	174	Marsh & McLennan Cos	1,830	2,272	4,023	296.3	377.2	22.8
237	■	■	■	Marshall & Ilsley	6,775	677	595	76.2	95.8	5.3

■ Not on 500 list

Ranking The Forbes 500s

Where they rank: 1988				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
433	130	242	161	Martin Marietta	3,319	5,727	2,139	319.8	518.4	68.8
459	325	145	181	Masco	2,999	2,439	3,472	288.3	362.9	27.0
■	443	■	483	Masco Industries	2,121	1,651	870	82.1	163.5	15.0
■	415	■	■	Maxicare Health Plans	710	1,824	26	–478.1	–440.3	4.4
201	48	83	86	May Department Stores	8,144	11,742	5,408	534.0	864.0	147.5
■	407	347	301	Maytag	1,330	1,886	1,486	158.6	193.0	12.9
■	■	■	448	MBIA	1,283	151	740	92.0	96.1	0.2
374	260	154	290	MCA	4,115	3,024	3,314	164.9	984.6	17.4
■	■	141	■	McCaw Cellular Communications	2,076	311	3,557	–297.0	–140.6	1.8
199	143	44	69	McDonald's	8,159	5,521	9,035	645.9	1,028.7	169.0
135	36	184	148	McDonnell Douglas	11,885	15,072	2,874	350.0	983.0	116.9
■	416	170	265	McGraw-Hill	1,758	1,818	3,021	185.5	251.7	16.1
271	154	81	142	MCI Communications	5,843	5,137	5,498	356.0	905.0	15.9
■	108	405	430	McKesson	2,292	7,052	1,272	97.7	157.3	16.9
86	436	■	■	MCorp	18,743	1,692	27	–588.0	–559.0	8.1
409	176	214	145	Mead	3,541	4,464	2,461	352.7	552.5	20.8
■	■	461	438	Medtronic	709	733	1,036	95.0	128.0	5.3
40	240	■	■	Mellon Bank	31,153	3,269	725	–65.0	5.0	16.5
494	112	130	143	Melville	2,736	6,780	4,054	354.5	441.5	93.5
248	■	■	■	Mercantile Bancorporation	6,459	668	410	28.7	46.6	4.6
400	■	■	■	Mercantile Bankshares	3,642	362	460	53.4	60.1	2.5
■	345	331	317	Mercantile Stores	1,448	2,266	1,575	144.5	192.0	22.0
297	■	■	■	Merchants National	5,256	452	385	44.1	54.6	2.8
258	122	8	23	Merck	6,128	5,940	22,912	1,206.8	1,411.7	31.6

■ Not on 500 list.

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Where they rank: 1988				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
172	■	■	464	Meridian Bancorp	9,523	950	719	86.1	107.2	6.1
92	444	■	■	Meritor Financial Group	17,172	1,645	167	–209.8	–116.4	4.7
18	56	219	103	Merrill Lynch	64,403	10,547	2,368	463.2	728.0	47.6
■	■	489	■	Metro Mobile CTS	236	67	952	–40.5	–24.8	0.4
■	377	■	■	Fred Meyer	687	2,074	361	36.7	60.4	18.5
143	■	■	445	Michigan National	11,306	1,040	675	93.2	126.9	6.6
■	■	180	311	Microsoft	605	719	2,878	151.4	171.3	2.3
100	224	157	122	Middle South Utilities	15,916	3,565	3,273	411.0	801.6	13.4
83	412	357	231	Midlantic	19,697	1,846	1,449	222.9	260.9	10.6
■	■	479	■	Millipore	576	622	985	54.5	78.1	5.5
182	55	23	25	Minnesota Mining & Manufacturing	8,922	10,581	13,909	1,154.0	1,829.0	82.7
88	394	390	282	MNC Financial	18,015	1,983	1,321	170.2	209.1	8.5
31	7	11	8	Mobil	38,820	48,198	18,688	2,087.0	4,770.0	68.9
■	■	475	■	Molex	528	550	991	56.3	89.3	5.4
276	■	■	■	Monarch Capital	5,805	417	312	22.0	28.0	1.4
189	86	76	79	Monsanto	8,461	8,293	5,627	591.0	1,294.0	47.7
387	■	■	■	Moore Financial Group	3,906	343	238	25.5	31.9	2.6
10	94	64	35	JP Morgan & Co	83,923	7,839	6,323	1,001.8	1,137.8	15.5
29	189	269	125	Morgan Stanley Group	40,527	4,109	1,939	394.6	433.5	6.5
■	404	■	■	Morrison Knudsen	746	1,909	440	–127.1	–98.8	15.1
■	324	302	300	Morton Thiokol	2,028	2,461	1,756	159.7	263.9	20.0
239	87	82	111	Motorola	6,710	8,250	5,447	445.0	988.0	98.9
474	■	■	■	Multibank Financial	2,901	383	202	26.9	33.0	1.7
■	480	472	■	Murphy Oil	2,068	1,474	1,003	38.8	262.5	4.5

■ Not on 500 list

CENTEL

Wherever life takes you, Centel keeps you close to home. Our cellular system is already second in number of markets served and growing fast. Hardly surprising, considering our leadership position in digital switching and fiber optics, expertise our people at Centel Cellular share with their colleagues at our telephone operations. All of which helps us bring people a little closer together each day.

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Ranking The Forbes 500s

Where they rank: 1988				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
■	■	377	399	Nalco Chemical	839	994	1,359	106.0	153.1	5.2
■	370	■	■	Nash Finch	388	2,092	269	18.2	38.4	10.0
73	349	261	214	National City	21,623	2,227	1,989	273.2	283.4	14.1
403	■	■	■	National Community Banks	3,614	321	377	42.0	48.4	2.1
■	266	■	■	National Intergroup	1,824	2,975	377	–57.5	–18.1	7.3
401	232	328	310	National Medical Enterprises	3,642	3,433	1,581	152.4	300.6	71.0
■	314	474	■	National Semiconductor	1,842	2,532	992	–77.9	115.6	33.5
■	478	452	451	National Service Industries	832	1,481	1,059	90.2	122.4	19.9
■	188	378	211	Navistar International	2,239	4,113	1,359	236.5	289.0	15.3
66	355	294	225	NBD Bancorp	24,176	2,181	1,783	227.2	278.2	12.1
46	280	224	199	NCNB	29,848	2,830	2,353	252.5	333.7	12.7
332	120	119	114	NCR	4,717	5,990	4,240	439.3	736.3	61.0
394	472	371	■	New England Electric System	3,718	1,520	1,382	–53.8	176.5	5.4
334	■	401	281	New York State Electric & Gas	4,693	1,340	1,290	171.5	305.5	4.5
■	435	245	285	New York Times	1,915	1,700	2,130	167.7	258.4	10.6
■	■	235	275	Newmont Mining	1,321	500	2,230	178.4	218.7	2.9
226	286	299	245	Niagara Mohawk Power	7,076	2,800	1,763	208.8	447.2	11.0
■	474	495	398	Nicor	2,100	1,509	926	106.1	223.5	4.1
■	473	477	323	NIKE	721	1,519	986	139.8	155.4	3.2
397	469	467	410	Nipsco Industries	3,685	1,524	1,017	103.4	258.4	5.1
■	336	212	362	Nordstrom	1,512	2,328	2,464	123.3	183.9	25.0
161	177	77	73	Norfolk Southern	10,059	4,462	5,624	635.1	946.9	35.1
422	■	■	■	Northeast Bancorp	3,394	323	465	34.6	43.0	1.8
198	■	■	■	Northeast Savings FA	8,207	716	34	–12.8	–3.2	1.6
238	374	239	213	Northeast Utilities	6,765	2,079	2,160	233.9	440.7	9.2
345	388	251	235	Northern States Power	4,496	2,006	2,048	214.8	496.7	8.2
164	■	■	391	Northern Trust	9,904	1,003	672	109.3	137.2	5.4
445	128	396	406	Northrop	3,139	5,797	1,301	104.2	345.0	46.4
■	490	470	467	Norton	1,088	1,410	1,011	85.2	132.8	15.8
72	320	362	240	Norwest	21,750	2,475	1,427	211.2	262.9	15.6
■	■	468	389	Nucor	950	1,061	1,017	109.4	165.7	4.9
357	133	339	333	NWA	4,372	5,650	1,507	135.1	471.1	34.6
307	482	■	■	NWNL	5,141	1,450	340	33.0	33.0	2.9
60	41	26	17	Nynex	25,378	12,661	12,997	1,315.0	3,469.4	96.4
81	21	58	165	Occidental Petroleum	20,747	19,417	6,799	313.0	1,434.0	51.4
■	■	421	■	Ogden	2,202	946	1,164	57.8	87.6	37.5
470	463	■	350	Ohio Casualty	2,922	1,576	771	128.0	135.6	5.9
214	361	179	234	Ohio Edison	7,556	2,143	2,879	218.9	525.8	7.2
■	■	369	326	Oklahoma Gas & Electric	2,521	1,098	1,386	137.8	236.0	3.7
207	■	■	497	Old Kent Financial	7,854	726	576	77.1	88.0	4.6
457	■	■	■	Old Republic International	3,010	1,102	415	50.9	50.9	4.6
348	■	■	■	Old Stone	4,448	468	196	36.4	48.3	2.3
■	339	457	426	Olin	1,940	2,308	1,045	98.0	98.0	15.3
■	■	415	■	Oracle Systems	321	395	1,209	56.3	73.3	1.6
■	442	■	■	Outboard Marine	1,284	1,653	597	70.7	135.0	12.9
■	279	■	255	Owens-Corning Fiberglas	1,596	2,831	894	197.0	314.0	17.6
483	241	348	277	Paccar	2,832	3,267	1,472	175.8	226.2	12.3
233	124	218	232	Pacific Enterprises	6,866	5,932	2,396	222.0	533.0	34.2
246	■	■	■	Pacific First Financial	6,621	525	117	16.0	22.8	1.5

■ Not on 500 list

Ranking The Forbes 500s

Where they rank: 1988				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
77	95	52	■	Pacific Gas & Electric	21,068	7,646	7,200	62.1	994.1	27.0
75	72	27	24	Pacific Telesis Group	21,191	9,483	12,934	1,188.0	3,033.0	70.8
142	225	116	110	PacifiCorp	11,396	3,519	4,314	446.7	949.1	16.1
89	317	■	■	PaineWebber Group	17,934	2,512	451	42.4	81.4	13.0
■	■	451	■	Pall	617	455	1,066	58.7	82.7	5.4
■	222	■	■	Pan Am	2,149	3,569	324	–72.7	132.0	23.3
462	■	355	■	Panhandle Eastern	2,973	1,262	1,455	–171.9	–57.7	3.4
■	327	373	395	Parker-Hannifin	1,809	2,397	1,371	108.4	198.4	31.0
■	466	309	411	Penn Central	2,400	1,547	1,723	103.4	139.1	14.7
126	35	65	48	JC Penney	12,254	15,296	6,235	807.0	1,065.0	185.5
216	350	189	156	Pennsylvania Power & Light	7,525	2,214	2,718	332.0	622.4	8.3
■	■	■	274	Pennwalt	949	1,024	816	178.7	233.1	5.1
346	372	198	■	Pennzoil	4,480	2,088	2,596	–187.0	16.1	8.1
255	■	■	■	People's Bank	6,321	583	248	36.6	46.7	2.5
■	■	■	480	Peoples Energy	1,508	1,134	627	82.6	129.9	3.4
147	40	39	52	PepsiCo	11,135	13,007	10,381	762.2	1,391.5	230.0
■	■	453	■	Perkin-Elmer	1,284	1,201	1,058	73.4	126.5	11.2
256	■	■	■	Perpetual Financial	6,173	560	111	20.4	33.0	1.6
212	149	41	50	Pfizer	7,638	5,385	9,593	791.3	985.8	40.8
490	338	324	120	Phelps Dodge	2,755	2,320	1,616	420.2	537.1	9.7
364	431	■	■	PHH Corp	4,292	1,717	588	23.9	665.8	4.5
136	243	124	82	Philadelphia Electric	11,863	3,229	4,132	566.0	811.4	11.3
34	14	7	9	Philip Morris Cos	36,960	25,860	23,536	2,064.0	2,843.0	116.5
133	49	104	67	Phillips Petroleum	11,968	11,304	4,743	650.0	1,518.0	21.8
320	■	■	■	PHM Corp	4,900	1,173	276	33.2	33.2	2.0
106	360	374	■	Pinnacle West Capital	15,054	2,155	1,366	4.2	258.6	11.5
■	■	448	488	Pioneer Hi-Bred International	979	863	1,074	80.6	130.1	4.9
326	306	151	206	Pitney Bowes	4,788	2,650	3,340	243.4	409.5	28.7
■	458	■	■	Pittston	992	1,583	664	36.8	80.8	14.0
28	204	146	112	PNC Financial	40,811	3,827	3,449	442.7	510.9	15.6
■	410	194	■	Polaroid	1,957	1,863	2,640	–22.6	59.3	12.3
■	■	484	431	Portland General	2,511	762	968	97.3	200.3	3.1
■	■	■	382	Potlatch	1,418	1,084	834	112.4	184.8	7.2
372	■	273	241	Potomac Electric Power	4,146	1,350	1,913	211.1	331.9	5.4
306	136	112	100	PPG Industries	5,154	5,617	4,423	467.6	760.5	36.3
■	328	450	363	Premark International	1,655	2,397	1,067	121.2	197.2	23.5
379	■	■	■	Premier Bancorp	4,078	394	102	–49.7	–29.4	2.9
■	■	439	■	Premier Industrial	263	582	1,100	68.8	75.2	4.1
■	174	283	297	Price Co	1,068	4,530	1,852	107.2	123.6	10.2
■	455	■	■	Prime Computer	1,651	1,595	857	13.0	174.8	12.1
■	■	456	■	Prime Motor Inns	1,002	286	1,051	74.1	87.1	8.5
112	■	250	297	Primerica	14,435	1,004	2,064	161.8	161.8	3.5
101	20	18	28	Procter & Gamble	15,793	20,368	14,682	1,128.0	1,862.0	75.3
■	■	■	396	Progressive	2,307	1,227	619	108.1	121.0	5.9
151	281	■	449	Provident Life & Accident	10,722	2,827	899	91.1	125.0	5.8
■	■	■	375	PSI Holdings	2,129	1,043	749	116.6	207.5	4.2
460	437	432	356	Public Service Co of Colorado	2,984	1,685	1,128	125.0	240.9	6.5
495	■	■	■	Public Service Co of New Hampshire	2,704	603	177	55.3	88.0	2.0
139	179	94	87	Public Service Enterprise Group	11,690	4,395	5,031	528.6	1,087.7	13.1

■ Not on 500 list

Ranking The Forbes 500s

Where they rank: 1988											
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
384	■	■	■	Puget Sound Bancorp	3,947	395	306	40.4	52.6	2.4
■	■	465	349	Puget Sound Power & Light	2,356	791	1,020	128.2	226.4	2.5
466	137	120	196	Quaker Oats	2,942	5,616	4,218	259.2	387.0	31.1
473	271	406	133	Quantum Chemical	2,908	2,922	1,269	382.7	527.7	11.0
369	119	79	105	Ralston Purina	4,198	6,046	5,545	458.1	673.4	57.5
■	■	413	414	Raychem	1,183	1,103	1,221	102.8	168.7	10.4
329	89	111	93	Raytheon	4,740	8,192	4,447	489.6	748.6	76.4
■	422	370	328	Reebok International	1,063	1,786	1,384	137.0	160.1	2.2
181	209	■	■	Reliance Group Holdings	9,045	3,730	345	23.6	36.1	9.3
64	366	402	284	Republic New York	24,519	2,105	1,288	169.7	205.5	3.7
■	■	■	342	Rexene	511	719	680	129.6	150.3	1.3
314	140	178	95	Reynolds Metals	5,032	5,567	2,903	482.0	665.6	29.0
229	■	■	■	Riggs National	7,002	562	317	37.0	49.9	2.2
■	292	382	437	Rite Aid	1,413	2,746	1,353	95.3	169.4	24.1
■	354	416	489	Roadway Services	1,193	2,185	1,208	80.2	203.8	29.5
366	■	■	■	Rochester Community Savings Bank	4,238	382	197	18.4	23.9	1.5
191	46	78	51	Rockwell International	8,406	12,135	5,623	779.0	1,382.3	114.2
■	313	232	219	Rohm & Haas	2,242	2,535	2,287	230.1	357.9	12.2
■	■	381	■	Rorer Group	1,388	1,042	1,356	61.8	118.3	7.9
■	483	■	■	Rose's Stores	436	1,439	153	16.4	37.4	19.5
■	■	419	■	Rouse	2,080	462	1,172	20.0	58.1	4.0
■	■	285	422	Rubbermaid	782	1,194	1,848	99.3	146.7	8.0
263	157	248	337	Ryder System	6,039	5,030	2,072	134.7	737.5	43.2
211	277	344	191	Safeco	7,732	2,873	1,492	268.6	306.8	8.6
449	■	■	■	St Paul Bancorp	3,106	292	133	22.8	25.4	0.9
155	212	257	146	St Paul Cos	10,382	3,631	2,017	352.6	395.7	13.0
9	117	168	186	Salomon	85,256	6,146	3,050	280.0	322.0	8.3
412	376	243	263	San Diego Gas & Electric	3,533	2,076	2,138	189.4	362.2	4.7
235	250	191	■	Santa Fe Southern Pacific	6,824	3,144	2,715	–46.5	289.4	20.5
281	50	80	136	Sara Lee	5,663	11,206	5,508	376.9	588.4	89.1
477	■	397	364	Scana	2,887	1,083	1,300	120.7	232.9	4.3
102	116	53	53	SCEcorp	15,781	6,253	7,073	761.8	1,565.1	17.1
419	267	63	128	Schering-Plough	3,426	2,969	6,383	389.8	498.7	22.1
305	169	182	123	Scott Paper	5,156	4,726	2,876	400.9	683.9	26.2
■	■	384	■	EW Scripps	1,556	1,214	1,348	70.1	166.5	11.0
333	■	■	■	Seamen's	4,708	436	61	16.3	35.2	0.5
12	5	17	38	Sears, Roebuck	77,952	50,251	15,219	909.5	1,504.5	500.5
488	■	■	■	Security Capital	2,777	250	2	–122.9	–106.1	1.0
13	82	128	72	Security Pacific	77,870	8,483	4,060	638.9	878.2	41.9
■	433	■	■	Sequa	1,959	1,713	585	68.6	142.8	16.5
■	255	■	■	Service Merchandise	1,711	3,093	596	76.7	130.1	20.5
344	■	■	■	SFFed Corp	4,499	397	94	12.8	17.3	0.8
53	283	298	208	Shawmut National	28,414	2,811	1,764	242.5	341.6	12.6
■	396	443	420	Sherwin-Williams	1,259	1,950	1,092	101.1	140.1	16.3
■	■	420	■	Sigma-Aldrich	323	375	1,166	56.5	68.6	3.1
148	■	■	309	Signet Banking	11,002	1,239	786	152.5	179.2	5.9
316	167	72	221	SmithKline Beckman	5,017	4,749	5,979	229.2	449.5	38.9
■	■	361	378	Snap-on Tools	668	855	1,432	113.3	132.0	7.1
162	■	■	421	Society	19,010	972	737	100.1	121.9	6.0

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Ranking The Forbes 500s

Where they rank: 1988				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
385	■	■	■	Society for Savings	3,932	427	186	33.3	39.5	1.3
446	497	418	470	Sonat	3,138	1,392	1,178	84.7	236.8	4.2
■	453	341	433	Sonoco Products	977	1,600	1,502	96.3	165.3	14.5
283	■	■	■	South Carolina National	5,655	552	508	54.5	76.4	4.0
103	492	■	■	Southeast Banking	15,623	1,405	680	75.3	111.4	8.3
70	106	54	41	Southern Company	22,288	7,235	7,058	846.0	1,685.0	32.6
452	459	314	306	Southern New England Telecommunications	3,067	1,583	1,694	155.4	370.3	13.7
185	254	■	■	Southmark	8,661	3,100	74	–288.2	–206.2	30.0
242	■	■	■	SouthTrust	6,645	626	525	67.6	77.9	3.9
398	■	■	■	Southwest Gas	3,679	801	328	41.2	82.5	2.8
79	83	32	30	Southwestern Bell	20,985	8,453	12,129	1,060.1	2,904.6	66.0
■	■	442	402	Southwestern Public Service	1,661	791	1,095	104.9	159.7	2.1
68	348	258	207	Sovran Financial	22,484	2,230	2,011	243.1	315.7	14.4
■	494	■	■	Spiegel	1,207	1,402	474	57.0	75.1	7.4
■	414	■	■	Springs Industries	1,118	1,825	556	52.8	115.9	23.4
■	441	411	370	Square D	1,336	1,657	1,233	118.9	182.5	20.3
451	310	62	116	Squibb	3,083	2,586	6,433	425.5	482.5	17.4
170	■	■	■	Standard Federal Bank	9,573	867	270	58.3	72.5	2.0
■	405	414	409	Stanley Works	1,405	1,909	1,220	103.5	167.5	19.0
193	■	494	447	State Street Boston	8,372	897	928	92.3	110.0	7.2
■	■	485	224	Sterling Chemicals	318	727	968	227.4	245.8	0.9
■	208	271	151	Stone Container	2,395	3,742	1,919	341.8	489.9	19.8
51	344	169	228	Student Loan Marketing Assn	28,628	2,272	3,049	225.1	225.1	1.4
■	457	■	■	Subaru of America	695	1,584	279	–70.7	–62.0	1.2
393	■	■	■	Sumitomo Bank of California	3,719	339	174	24.5	30.2	1.6
415	■	■	■	Summit Bancorp	3,526	329	391	38.7	43.9	1.8
187	80	148	■	Sun Company	8,616	8,612	3,419	7.0	670.0	22.0
378	■	190	■	Sun Exploration & Production	4,094	1,070	2,717	–305.0	49.0	3.6
■	481	407	453	Sun Microsystems	973	1,462	1,262	89.6	166.6	5.6
■	479	496	■	Sundstrand	1,567	1,477	925	–50.1	46.1	14.0
48	273	201	168	SunTrust Banks	29,177	2,889	2,565	308.7	398.1	20.0
464	■	■	■	Sunwest Financial Service	2,964	287	229	21.0	29.5	2.2
■	447	■	■	Super Food Services	263	1,628	186	15.3	21.3	2.0
■	64	288	343	Super Valu Stores	2,383	10,025	1,834	129.5	242.7	33.2
■	141	305	432	Sysco	1,835	5,561	1,744	96.8	157.5	12.5
253	■	■	■	Talman Home Federal S&L of Illinois	6,337	543	82	25.6	53.5	1.9
■	■	391	465	Tambrands	465	563	1,319	85.3	99.2	4.8
■	486	320	416	Tandem Computers	1,329	1,425	1,635	102.1	198.1	7.9
478	195	137	160	Tandy	2,877	3,992	3,690	321.3	392.7	38.0
296	■	■	■	TCF Financial	5,259	580	63	12.5	27.6	2.2
■	■	385	365	TECO Energy	2,315	1,034	1,348	120.6	226.8	4.5
■	485	■	■	Tektronix	1,010	1,431	583	–8.6	70.6	16.3
213	363	109	■	Tele-Communications	7,618	2,134	4,558	7.0	335.5	25.0
310	172	134	126	Teledyne	5,125	4,598	3,718	391.8	493.6	44.1
424	369	392	254	Temple-Inland	3,370	2,099	1,314	199.2	314.5	11.0
91	39	66	46	Tenneco	17,376	13,234	6,198	822.0	1,330.0	99.0
57	10	29	18	Texaco	26,337	33,544	12,491	1,304.0	3,398.0	46.0
200	81	■	■	Texas Air	8,147	8,573	482	–718.6	–110.3	57.5
355	■	■	■	Texas American Bancshares	4,383	436	3	–510.3	–403.6	2.9

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Ranking The Forbes 500s

Where they rank: 1988				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
288	230	345	286	Texas Eastern	5,444	3,481	1,488	166.9	427.3	9.6
352	115	156	138	Texas Instruments	4,428	6,295	3,306	366.3	756.1	76.8
99	187	103	71	Texas Utilities	16,058	4,154	4,753	642.7	907.5	15.9
123	103	256	188	Textron	12,554	7,286	2,018	272.1	476.8	60.5
319	175	68	180	Time Inc	4,947	4,507	6,066	289.0	511.0	20.5
418	242	121	157	Times Mirror	3,476	3,259	4,210	331.9	529.4	27.9
■	465	471	■	Timken	1,593	1,554	1,008	65.9	154.7	17.4
351	440	321	269	Torchmark	4,428	1,670	1,632	180.1	197.0	6.1
■	194	101	193	Toys "R" Us	2,555	4,000	4,780	268.0	322.6	33.2
55	92	204	149	Transamerica	26,759	7,879	2,548	346.4	539.1	17.5
414	288	487	■	Transco Energy	3,527	2,774	961	–76.8	98.7	4.8
22	23	142	412	Travelers	53,332	18,986	3,541	103.3	187.0	37.5
467	334	177	242	Tribune	2,942	2,335	2,909	210.4	327.1	16.8
■	403	493	457	Trinova	1,432	1,919	939	87.8	148.2	22.0
267	■	■	■	Trustcorp	5,969	570	432	24.9	37.5	3.8
349	109	208	195	TRW	4,442	6,982	2,507	260.6	609.6	75.6
■	■	409	345	Tucson Electric Power	2,075	543	1,246	128.9	173.5	1.1
■	247	■	■	Turner Corp	920	3,196	73	3.7	11.2	3.5
■	221	404	■	TW Services	2,115	3,574	1,275	53.7	192.0	120.0
■	421	342	485	Tyco Laboratories	1,413	1,792	1,500	82.0	125.4	11.3
■	390	437	476	Tyson Foods	918	2,001	1,102	83.5	155.0	25.6
240	76	221	29	UAL	6,701	8,982	2,366	1,124.3	1,642.7	66.0
108	■	■	■	Union Bank	15,010	787	777	60.2	74.8	5.8
450	305	222	175	Union Camp	3,094	2,661	2,365	295.1	495.7	18.4
190	85	143	65	Union Carbide	8,441	8,324	3,526	662.0	1,135.0	43.6
273	384	213	177	Union Electric	5,827	2,029	2,464	25[illegible]	592.1	7.3
127	118	51	70	Union Pacific	12,228	6,068	7,256	644.0	1,167.0	47.3
436	■	■	■	Union Planters	3,269	327	187	25.6	37.0	2.1
■	■	■	390	Union Texas Petroleum Holdings	1,717	1,073	869	109.3	259.0	1.8
141	67	110	64	Unisys	11,535	9,902	4,459	680.6	1,373.0	92.8
■	■	430	■	United Artists Communications	1,904	842	1,131	2.3	86.9	16.3
275	■	■	■	United Banks of Colorado	5,812	569	189	9.0	26.3	3.9
■	227	■	■	United Brands	1,436	3,503	632	60.4	100.9	41.0
■	■	343	■	United Cable Television	824	284	1,495	0.3	63.9	2.6
■	■	■	494	United Illuminating	2,365	519	373	78.6	122.4	1.6
149	■	■	376	United Jersey Banks	10,888	1,032	902	116.1	132.8	6.4
395	■	■	■	United Missouri Bancshares	3,714	334	348	34.5	47.0	2.6
113	■	492	360	US Bancorp	14,383	1,381	946	123.9	155.8	9.4
■	341	438	■	US Shoe	1,197	2,274	1,101	5.3	60.3	40.0
453	■	■	■	US Trust	3,061	362	367	30.6	43.9	2.2
119	25	85	66	United Technologies	12,748	18,000	5,378	659.1	1,221.0	188.4
165	114	102	89	United Telecommunications	9,817	6,493	4,759	508.9	1,415.5	37.7
■	299	■	■	Universal	1,140	2,705	559	62.5	83.4	20.0
173	78	113	■	Unocal	9,508	8,853	4,421	24.0	1,489.0	18.2
202	351	425	335	UNUM Corp	8,127	2,199	1,159	134.8	142.4	3.9
444	290	86	144	Upjohn	3,139	2,754	5,326	353.4	456.4	20.9
69	73	38	27	US West	22,416	9,221	10,548	1,131.7	2,891.9	69.1
292	132	338	289	USAir Group	5,349	5,707	1,510	165.0	416.6	46.9
124	139	227	217	USF&G	12,361	5,582	2,341	231.5	264.6	11.2

■ Not on 500 list.

Ranking The Forbes 500s

Where they rank: 1988				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
■	347	■	354	USG	1,821	2,248	304	125.4	208.4	15.3
3	■	■	■	USLife	4,145	1,279	586	70.9	80.2	1.9
■	■	234	296	UST Inc	598	607	2,255	162.2	179.8	3.3
84	34	49	55	USX	19,474	15,792	7,577	756.0	2,125.0	58.8
■	346	367	487	Valhi	2,291	2,252	1,395	80.6	196.9	15.9
465	■	■	■	Valley Bancorp	2,958	275	305	26.5	35.5	2.3
417	■	■	■	Valley Federal Savings & Loan Assn	3,480	333	77	–3.0	1.8	1.3
138	■	■	■	Valley National	11,766	1,147	484	62.3	92.4	7.6
■	316	266	278	VF	1,760	2,516	1,962	173.7	262.6	46.0
383	■	317	■	Viacom	3,980	1,259	1,661	–123.1	17.0	4.6
■	■	■	361	Vista Chemical	493	794	741	123.8	158.7	1.7
■	200	■	■	Vons Cos	1,673	3,917	445	–23.9	32.1	26.3
■	■	315	329	Vulcan Materials	958	1,053	1,692	136.0	221.9	6.2
227	19	13	42	Wal-Mart Stores	7,032	20,649	17,742	837.2	1,038.2	191.5
■	158	280	334	Walgreen	1,634	4,980	1,861	135.0	194.5	47.6
471	256	364	■	Wang Laboratories	2,911	3,075	1,419	50.3	332.2	30.9
340	185	108	118	Warner Communications	4,598	4,206	4,637	423.2	605.9	14.0
496	201	87	153	Warner-Lambert	2,703	3,908	5,314	340.3	436.7	33.5
252	■	■	■	Washington Mutual Savings Bank	6,364	584	211	37.3	42.9	2.1
■	■	192	190	Washington Post	1,422	1,368	2,711	269.1	328.0	6.4
322	223	42	102	Waste Management	4,879	3,566	9,360	464.2	765.9	33.7
■	■	403	479	Weis Markets	596	1,189	1,283	82.6	102.2	14.0
25	161	164	94	Wells Fargo	46,617	4,853	3,170	486.7	629.4	19.9
■	331	394	498	West Point-Pepperell	2,358	2,353	1,307	77.1	164.0	36.4
399	■	■	■	Western Capital Investment	3,664	347	90	–2.8	3.8	1.8
284	■	■	■	Western Savings & Loan Association	5,650	513	26	–151.7	–144.2	2.5
94	42	50	45	Westinghouse Electric	16,937	12,500	7,576	822.8	1,170.3	119.6
■	353	278	239	Westvaco	2,634	2,187	1,873	211.4	355.0	14.7
■	162	■	■	Wetterau	1,010	4,850	561	42.0	78.9	12.6
104	65	93	83	Weyerhaeuser	15,387	10,004	5,116	564.4	979.7	46.1
■	■	■	273	Wheeling-Pittsburgh Steel	1,286	1,103	45	178.8	230.4	6.2
421	181	311	441	Whirlpool	3,410	4,315	1,715	94.1	236.8	29.7
416	218	149	244	Whitman	3,486	3,583	3,408	209.8	311.6	25.3
492	■	■	■	Whitney Holding	2,747	226	319	25.8	32.8	1.3
386	197	■	■	Wickes Cos	3,918	3,985	347	–123.6	32.2	45.0
■	432	433	299	Willamette Industries	1,430	1,716	1,121	161.1	257.4	9.0
406	438	423	426	Williams Cos	3,567	1,673	1,160	98.0	223.7	3.8
461	■	■	■	Wilmington Trust	2,982	313	476	51.8	57.1	1.8
■	74	300	348	Winn-Dixie Stores	1,631	9,088	1,763	128.3	270.1	81.9
442	467	290	266	Wisconsin Energy	3,161	1,541	1,819	183.2	313.0	5.9
■	456	■	■	Witco	1,115	1,586	784	71.6	124.5	7.7
411	90	155	182	FW Woolworth	3,535	8,088	3,311	288.0	460.0	128.5
■	■	497	■	Worthington Industries	512	986	923	62.8	81.9	6.0
■	■	359	460	Wm Wrigley Jr	440	891	1,435	87.2	110.5	5.5
56	33	69	131	Xerox	26,441	16,441	6,005	387.9	1,171.9	112.8
■	387	■	■	Yellow Freight System	1,021	2,016	910	69.0	177.3	27.2
■	402	358	■	Zayre	1,462	1,921	1,442	–167.8	–81.8	20.0
■	302	■	■	Zenith Electronics	1,428	2,686	507	5.3	48.4	35.5
486	■	■	■	Zions Bancorporation	2,931	281	129	–17.9	–8.1	2.0

■ Not on 500 list.

The Forbes 500s on Wall Street

This table shows how the 778 companies that qualified for one or more of the Forbes 500 lists fared on Wall Street. Also included: earnings per share and earnings forecasts.

Company/fiscal year end	Ticker symbol	exch	Stock price 5-year high-low	Stock price 12-month high-low	recent	Stock performance latest 12 months price change	Stock performance latest 12 months relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1989 est	price/sales
Abbott Laboratories/Dec	ABT	n	67– 18	54– 43	51⅝	8%	100%	28– 11	15.5	13.5	2.35
Aetna Life & Cas/Dec	AET	n	68– 27	53– 40	49¾	13	104	37– 6	8.1	8.8	0.23
Affiliated Pubs/Dec	AFP	n	45– 4	45– 24	41⅛	29	119	NM– 13	NM	47.8	5.35
HF Ahmanson/Dec	AHM	n	29– 5	19– 14	16½	9	101	15– 4	8.1	7.0	0.46
Air Prods & Chems/Sep	APD	n	54– 19	53– 38	41½	–13	80	26– 9	10.4	9.7	0.92
Albertson's/Jan	ABS	n	43– 11	43– 28	39⅞	35	125	20– 10	16.2	14.4	0.39
Alco Standard/Sep	ASN	n	30– 14	28– 22	26	0	93	18– 7	7.5	10.1	0.32
Alexander & Alexander/Dec	AAL	n	42– 16	28– 22	24⅞	7	99	29– 9	15.7	14.5	0.81
Alexander & Baldwin/Dec	ALEX	o	39– 8	39– 27	36	33	123	15– 7	13.3	11.8	2.71
Allegheny Ludlum/Dec	ALS	n	40– 15*	40– 21	37⅞	55	143	14– 5*	7.9	7.5	0.71
Allegheny Power/Dec	AYP	n	54– 25	40– 36	36	–5	88	13– 7	9.1	9.1	0.86
Allied-Signal/Dec	ALD	n	49– 25	37– 31	32⅜	1	94	NM– 6	10.5	9.4	0.40
Alltel/Dec	AT	n	44– 13	44– 30	41⅜	35	125	15– 7	14.2	11.9	1.64
Altus Bank/Dec	ALTS	o	22– 4	7– 4	5⅛	–21	73	NM– 3	NM	NM	0.09
Alcoa/Dec	AA	n	66– 30	66– 42	57¾	34	124	NM– 5	5.9	5.8	0.52
AMAX/Dec	AMX	n	29– 11	27– 18	23⅜	18	110	NM– 2	2.8	4.7	0.50
Amdahl/Dec f	AMH	a	28– 5	28– 16	16⅜	2	94	45– 7	8.4	7.4	0.99
Amerada Hess/Dec	AHC	n	42– 17	37– 25	35½	18	110	NM– 6	23.5	13.2	0.69
American Brands/Dec	AMB	n	72– 27	72– 42	63⅜	43	132	17– 7	10.9	10.2	0.82
American Capital/Dec	ACC	a	9– 2	5– 2	2⅜	–44	52	NM– 6	NM	NA	0.07
American Continental/Dec	AMCC	o	13– 3	10– 3	4⅛	–31	64	NM– 2	NM	NA	0.09
American Cyanamid/Dec	ACY	n	57– 22	55– 44	50⅜	2	95	26– 10	14.9	12.7	0.99
American Electric/Dec	AEP	n	32– 15	29– 26	26	–5	88	13– 5	8.0	8.2	1.04
American Express/Dec	AXP	n	41– 13	32– 23	30	19	111	40– 10	12.4	9.8	0.55
American Family/Dec	AFL	n	19– 4	17– 12	16	3	96	21– 7	11.9	10.4	0.56
American General/Dec	AGC	n	47– 20	37– 27	33	–3	90	14– 7	9.6	8.9	1.07
American Home Prods/Dec	AHP	n	97– 47	89– 70	84⅛	5	98	19– 11	13.3	11.9	2.25
American Intl Group/Dec	AIG	n	84– 26	80– 49	76⅞	38	128	26– 8	10.4	10.7	0.92
American Medical/Aug	AMI	n	29– 11	19– 14	17⅝	16	108	NM– 9	18.8	15.7	0.41
American Natl Ins/Dec	ANAT	o	51– 22	37– 30	34½	11	103	17– 7	10.4	9.8	1.04

*Range is for less than period indicated. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit. Stock prices as of Mar. 23, 1989. f

In the 52 weeks ended Mar. 23, 1989 the *Investor's Daily 6000*—the index used to compute relative performance of the 778 shares listed below—was up 7.8%. The blue-chip Dow industrials were up 8.5%. The 778 Forbes 500s companies gained an average of 7.5%.

Quite a range of prices here. MCorp, which as Mercantile National Bank was trading at a split-adjusted 10 two decades ago, was recently quoted at ⅝. Berkshire Hathaway, which traded at 25 in 1968, not long after Warren Buffett took it over, is now at 4910.

We don't show 20-year performance below—a goodly number of the companies didn't even exist 20 years ago—but we do show 52-week performance on Wall Street. The best performer was Service Merchandise, up 174%. MCI Communications, Pennwalt, Holly Farms, BankAmerica and Columbia Pictures all doubled or better.

In this table, a fiscal year ending between June 1988 and May 1989 is designated as fiscal 1988 regardless of the calendar year it ends in. Estimates for 1988 earnings per share are shown (and marked "E") if results are not yet available. Earnings estimates come courtesy of the Institutional Brokers Estimate System, run by the New York brokerage firm of Lynch, Jones & Ryan. The "Confidence factor on estimate" indicates the level of agreement among security analysts. Abbott Laboratories' very high confidence level means that most of its 33 estimates were clustered close to the 1989 consensus estimate of $3.83.

Five-year price ranges are for the period between Mar. 29, 1984 and Mar. 23, 1989. These ranges are not adjusted for spinoffs or special cash dividends, but the latest 12-month performance does reflect the value of special distributions. An asterisk for the five-year range designates companies with an incomplete trading history for the full period. For firms public less than one year, the latest 12-month range also includes an asterisk. "Stock performance relative to market" compares a company's price action to that of the *Investor's Daily* index. American Home Products, for example, gained 5%, while the *Investor's Daily* index was up 7.8%. American Home Products' relative performance is 98; 100 would mean it tied the market.

William O'Neil & Co., Los Angeles-based publisher of *Investor's Daily*, supplied the stock market data.

		Earnings					Dividends			
net profit margin	latest 12 months EPS	1988 EPS	estimated 1989 EPS	% change '89 vs '88 EPS	number of analysts	confidence factor on estimate	indicated rate	yield	payout ratio	5-year growth rate
15.2%	$3.33	$3.33	$3.83	15%	33	very high	$1.40	2.7%	42%	21%
2.9	6.12	6.12	5.63	–8	29	average	2.76	5.5	45	3
def	–1.17	–1.17	0.86	D-P	10	average	0.22	0.5	NM	23
5.8	2.05	2.05	2.35	15	20	average	0.88	5.3	43	29
8.8	4.00	3.90	4.28	10	21	high	1.20	2.9	30	22
2.4	2.44	2.44	2.75	13	25	average	0.80	2.0	33	13
4.3	3.49	2.33	2.57	10	11	average	0.76	2.9	22	4
5.3	1.57	1.57	1.70	8	18	average	1.00	4.1	64	0
20.3	2.70	2.70	3.05	13	7	low	0.80	2.2	30	18
9.0	4.81	4.81	5.05	5	5	low	1.00	2.6	21	NA
9.4	3.96	3.96	3.97	0	27	high	3.08	8.6	78	4
3.9	3.10	3.10	3.46	12	16	high	1.80	5.6	58	1
11.7	2.91	2.91	3.47	19	15	average	1.72	4.2	59	7
def	–4.69	–4.69	–1.43	D-D	3	very low	none	NA	NA	NA
8.8	9.74	9.74	10.05	3	26	low	1.60	2.8	16	6
18.8	8.42	8.42	4.96	–41	19	low	0.40	1.7	5	NA
11.9	1.99	1.99	2.28	15	23	average	0.10	0.6	5	0
3.0	1.51	1.51	2.69	78	26	low	0.60	1.7	40	NA
8.0	5.84	5.84	6.23	7	24	average	2.44	3.8	42	5
0.6	–0.13	–0.13	NA	NA	NA	NA	none	NA	NA	0
def	–2.71	NA	NA	NA	NA	NA	none	NA	NA	0
6.7	3.41	3.41	3.99	17	21	average	1.20	2.4	35	5
12.9	3.24	3.24	3.16	–2	28	high	2.37	9.1	73	0
4.5	2.43	2.43	3.05	26	25	high	0.84	2.8	35	8
4.7	1.35	1.35	1.54	14	15	very high	0.28	1.8	21	15
11.6	3.44	3.44	3.69	7	25	average	1.50	4.5	44	12
16.9	6.38	6.38	7.13	12	34	very high	3.90	4.6	61	8
8.9	7.40	7.40	7.18	–3	29	average	0.40	0.5	5	12
2.5	0.95	1.21	1.14	–6	17	low	0.72	4.0	76	6
10.1	3.33	3.33	3.53	6	6	average	1.48	4.3	44	9

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus CD Investment; Forbes.

The Forbes 500s on Wall Street

Company/fiscal year end	Ticker symbol	exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance —latest 12 months— price change	Stock performance —latest 12 months— relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1989 est	Stock price ratios price/sales
American Petrofina/Dec	APIA	a	75– 38	75– 63	73¾	11%	103%	NM– 7	7.3	NA	0.37
American President/Dec	APS	n	51– 14	39– 26	36⅝	16	107	41– 3	10.6	12.1	0.29
American Savings/Dec	ASB	n	26– 10*	19– 12	16¾	16	107	10– 2*	3.6	5.5	0.25
American Stores/Jan	ASC	n	86– 27	67– 48	55⅝	–2	91	24– 7	21.9	14.8	0.09
American Tel & Tel/Dec	T	n	36– 15	33– 24	31½	14	105	NM– 5	NM	12.8	0.96
AmeriFirst Bank/Sep	AMRI	o	20– 8*	19– 11	12⅞	–23	71	NM– 6*	NM	17.2	0.33
Ameritech/Dec	AIT	n	53– 21	53– 42	51¼	14	105	13– 7	11.3	10.9	1.39
Ameritrust/Dec	AMTR	o	27– 10	24– 17	23⅝	36	127	NM– 6	8.9	8.3	0.82
Ames Dept Stores/Jan	ADD	n	35– 8	19– 13	15⅜	–10	84	46– 10	12.8	11.3	0.17
Amoco/Dec	AN	n	45– 25	41– 34	40	7	100	26– 7	10.0	10.8	0.98
AMP/Dec	AMP	n	72– 26	54– 41	41⅛	–16	78	42– 14	13.9	12.6	1.66
AMR/Dec	AMR	n	66– 24	62– 39	56⅛	32	123	19– 4	7.1	7.5	0.38
AmSouth Bancorp/Dec	ASO	n	39– 13	26– 22	24¼	–3	90	13– 6	7.4	6.8	0.74
Anadarko Petroleum/Dec	APC	n	35– 18*	28– 22	25	4	96	NM– 32*	32.9	28.4	3.91
Anchor Savings Bank/Jun	ABKR	o	13– 4*	8– 4	4½	–22	73	NM–NM*	NM	18.0	0.10
Anheuser-Busch Cos/Dec	BUD	n	40– 9	35– 29	34	10	102	21– 8	13.9	12.1	1.08
Aon/Dec	AOC	n	33– 14	30– 23	29⅓	15	107	13– 7	10.5	8.3	0.68
Apple Bank/Dec	APK	n	38– 11*	38– 28	32¾	18	109	13– 4*	6.2	5.5	0.51
Apple Computer/Sep	AAPL	o	60– 7	48– 34	34⅝	–16	78	54– 10	10.6	10.3	0.96
Archer Daniels/Jun	ADM	n	26– 8	24– 18	23½	20	111	17– 9	11.5	11.5	0.57
Argonaut Group/Dec	AGII	o	56– 19*	56– 40	52⅓	15	106	16– 4*	5.6	8.0	1.16
Aristech Chemical/Dec	ARS	n	42– 17*	42– 24	35½	16	107	17– 4*	5.3	5.8	0.78
Arkla/Dec	ALG	n	27– 16	23– 18	20¾	6	98	32– 12	16.0	13.1	0.88
Armco/Dec	AS	n	22– 4	13– 9	10	–10	83	NM– 4	9.4	5.1	0.27
Armstrong World Inds/Dec	ACK	n	47– 12	44– 32	34⅞	–5	88	16– 7	9.9	9.4	0.60
Asarco/Dec	AR	n	34– 10	31– 22	26⅛	7	99	NM– 2	5.4	5.6	0.57
Ashland Oil/Sep	ASH	n	41– 10	41– 32	38¾	18	109	NM– 6	9.0	9.1	0.29
Atlantic Financial/Sep	ATLF	o	17– 2	7– 2	1⅞	–72	26	NM– 3	NM	NA	0.01
Atlantic Richfield/Dec	ARC	n	99– 41	93– 76	89⅝	11	103	NM– 7	10.2	10.4	0.87
Automatic Data/Jun	AUD	n	55– 15	46– 35	36½	–15	79	31– 14	15.7	14.7	1.67
Avery International/Nov	AVY	n	29– 12	26– 20	22¾	2	95	32– 10	12.9	11.2	0.63
Avnet/Jun	AVT	n	41– 19	28– 19	21⅞	–10	84	61– 11	15.4	14.1	0.40
Avon Products/Dec	AVP	n	39– 18	28– 19	21¼	–12	81	NM– 9	NM	10.3	0.37
Baker Hughes/Sep	BHI	n	27– 11*	20– 12	16½	–5	88	40– 13*	37.5	25.0	0.84
Bally Manufacturing/Dec	BLY	n	28– 11	25– 15	21⅝	26	117	NM– 12	19.3	12.3	0.31
Baltimore Bancorp/Dec	BBB	n	25– 7*	17– 12	13	–12	82	NM– 6*	NM	7.6	0.60
Baltimore G&E/Dec	BGE	n	40– 15	34– 29	28⅝	–6	87	13– 5	8.3	8.3	1.22
Banc One/Dec	ONE	n	30– 12	28– 22	24⅓	0	93	16– 8	9.5	8.3	1.17
Banco Popular PR/Dec	BPOP	o	20– 7	20– 14	19⅞	39	129	10– 4	8.4	NA	0.72
Bancorp Hawaii/Dec	BNHI	o	43– 12	43– 33	41½	23	114	12– 5	7.9	8.3	1.03
Bandag/Dec	BDG	n	70– 20	70– 58	68⅜	7	99	20– 9	14.6	13.1	2.04
Bank of Boston/Dec	BKB	n	38– 10	30– 23	24⅝	4	97	NM– 4	5.3	5.2	0.32
Bank of New England/Dec	NEB	n	40– 12	29– 22	23¾	–15	79	17– 5	5.9	5.4	0.51
Bank of New York/Dec	BK	n	47– 18	45– 30	43⅞	40	130	17– 4	7.8	7.4	1.06
Bank South/Dec	BKSO	o	21– 8	14– 10	13⅜	10	102	19– 7	10.7	9.5	0.95
BankAmerica/Dec	BAC	n	23– 5	23– 10	22½	114	199	NM– 2	8.1	5.0	0.41
Bankers Trust NY/Dec	BT	n	55– 19	43– 30	40	24	115	NM– 3	4.9	5.0	0.55
BanPonce/Dec	BDEP	o	40– 9	27– 22	25½	12	104	15– 4	7.0	6.5	0.50

*Range is for less than period indicated. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D/D: Deficit to deficit. D/P: Deficit to profit. def: Deficit.
Stock prices as of Mar. 23, 1989.

net profit margin	latest 12 months EPS	1988 EPS	Earnings estimated 1989 EPS	% change '89 vs '88 EPS	number of analysts	confidence factor on estimate	Dividends indicated rate	yield	payout ratio	5-year growth rate
5.0%	$10.07	$10.07	NA	NA	NA	NA	$3.20	4.3%	32%	NA
3.8	3.46	3.46	$3.03	–12%	11	low	0.50	1.4	14	11%
8.2	4.67	4.67	3.06	–34	6	low	0.80	4.8	17	NA
0.5	2.54	2.54	3.75	48	13	low	1.00	1.8	39	21
def	–1.55	–1.55	2.46	D-P	32	average	1.20	3.8	NM	0
def	–0.47	–0.60	0.75	D-P	1	NM	none	NA	NA	NA
12.5	4.55	4.55	4.72	4	26	high	2.92	5.7	64	51
9.8	2.62	2.62	2.83	8	7	average	1.12	4.8	43	8
1.4	1.20	1.20	1.36	13	14	low	0.10	0.7	8	7
9.8	4.00	4.00	3.69	–8	41	average	1.90	4.8	48	3
12.0	2.96	2.96	3.27	10	23	high	1.20	2.9	41	12
5.4	7.92	7.92	7.47	–6	23	low	none	NA	NA	NA
10.0	3.30	3.30	3.56	8	10	very high	1.32	5.4	40	10
11.9	0.76	0.76	0.88	16	30	low	0.30	1.2	39	NA
def	–1.22	–0.81	0.25	D-P	2	NM	none	NA	NA	NA
8.0	2.45	2.45	2.80	14	29	very high	0.72	2.1	29	21
6.6	2.79	2.79	3.51	26	22	very high	1.28	4.4	46	3
8.2	5.29	5.29	5.92	12	8	average	none	NA	NA	NA
9.5	3.26	3.08	3.33	8	51	average	0.40	1.2	12	NA
4.9	2.04	1.95	2.05	5	19	average	0.10	0.4	5	8
21.8	9.41	9.41	6.53	–31	3	low	none	NA	NA	NA
15.4	6.62	6.62	6.08	–8	12	average	0.92	2.6	14	NA
5.9	1.30	1.30	1.59	22	20	average	1.08	5.2	83	2
3.1	1.07	1.07	1.97	84	14	low	none	NA	NA	NA
6.1	3.51	3.51	3.70	5	16	average	1.00	2.9	28	14
10.4	4.92	4.92	4.81	–2	21	low	1.20	4.5	24	NA
3.0	4.30	3.29	4.24	29	27	low	1.00	2.6	23	6
def	–8.79	1.57	NA	NA	NA	NA	0.28	14.9	NM	54
9.0	8.78	8.78	8.59	–2	45	average	4.50	5.0	51	6
11.0	2.33	2.20	2.49	13	31	very high	0.52	1.4	22	13
4.9	1.77	1.77	2.03	15	15	high	0.48	2.1	27	10
2.6	1.42	1.46	1.55	6	18	low	0.50	2.3	35	0
def	–7.11	–7.11	2.06	D-P	18	average	1.00	4.7	NM	–11
2.5	0.44	0.45	0.66	47	33	low	0.46	2.8	105	NA
2.0	1.12	1.12	1.76	57	7	low	0.24	1.1	21	2
0.7	0.14	0.14	1.72	NM	8	average	0.50	3.8	357	[illegible]
16.3	3.47	3.47	3.44	–1	26	high	2.00	7.0	58	6
12.4	2.61	2.61	2.98	14	28	very high	1.04	4.2	40	14
8.6	2.37	2.37	NA	NA	NA	NA	0.80	4.0	34	6
12.9	5.25	5.25	5.00	–5	7	average	1.36	3.3	26	8
14.2	4.68	4.68	5.24	12	11	high	0.90	1.3	19	11
6.1	4.66	4.66	4.70	1	25	high	1.24	5.0	27	9
8.8	4.06	4.06	4.41	9	26	high	1.36	5.7	33	17
8.1	5.61	5.61	5.92	6	14	average	1.92	4.4	34	10
9.0	1.28	1.28	1.43	12	5	high	0.44	3.2	34	14
5.4	2.77	2.77	4.53	64	31	low	0.60	2.7	22	0
11.1	8.09	8.09	7.97	–1	27	average	2.08	5.2	26	13
7.1	3.63	3.63	3.90	7	1	NM	1.50	5.9	41	21

Sources: William O'Neil & Co., The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus CD Investment; Forbes.

The Forbes 500s on Wall Street

Company/fiscal year end	Ticker symbol	exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance latest 12 months price change	Stock performance latest 12 months relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1989 est	Stock price ratios price/sales
CR Bard/Dec	BCR	n	25– 5	25– 18	18⅞	–5%	88%	28– 8	13.7	11.7	1.40
Barnett Banks/Dec	BBI	n	42– 15	37– 29	32½	–1	92	14– 6	8.7	7.7	0.77
Battle Mountain Gold/Dec	BMG	n	30– 6*	19– 13	15⅜	–12	81	57– 13*	16.9	16.7	7.16
Bausch & Lomb/Dec	BOL	n	50– 18	49– 40	46¾	7	99	20– 10	14.3	12.5	1.42
Baxter International/Dec	BAX	n	29– 12	26– 16	19½	–18	76	NM– 10	14.9	12.7	0.70
BayBanks/Dec	BBNK	o	52– 17	48– 39	42	4	96	13– 6	7.5	7.7	0.73
BB&T Financial/Dec	BBTF	o	22– 12	21– 14	16¼	12	104	14– 7	8.2	7.8	0.77
Bear Stearns Cos/Jun	BSC	n	25– 8*	16– 11	14⅝	13	104	16– 5*	6.5	8.3	0.58
Becton Dickinson/Sep	BDX	n	69– 15	62– 47	49¼	–18	76	23– 10	12.0	10.7	1.11
Bell Atlantic/Dec	BEL	n	80– 33	[illegible] 54	74⅞	8	100	14– 8	11.3	10.6	1.36
BellSouth/Dec	BLS	n	46– 18	4[illegible] 37	41⅝	7	99	16– 7	11.9	11.4	1.42
Beneficial Corp/Dec	BNL	n	79– 23	54– 42	46⅛	1	94	28– 5	11.1	9.2	0.73
Benj Franklin S&L/Dec	BENJ	o	11– 4*	7– 4	4⅞	–15	79	5– 2*	3.3	3.4	0.07
Bergen Brunswig/Aug	BBCA	a	27– 11	27– 18	26¼	48	137	26– 10	12.2	12.9	0.14
Berkshire Hathaway/Dec	BRK	n	5050–1240	5050–3200	4,910	42	132	40– 10	14.1	18.5	2.41
Bethlehem Steel/Dec	BS	n	29– 5	29– 18	23⅛	10	102	NM– 4	4.5	3.8	0.32
Beverly Enterprises/Dec	BEV	n	22– 4	9– 4	9	24	115	NM– 12	NM	NM	0.24
Black & Decker/Sep	BDK	n	27– 13	25– 18	19¾	0	93	42– 9	11.2	9.7	0.49
H&R Block/Apr	HRB	n	34– 9	32– 23	27¼	–8	86	25– 9	15.7	12.4	1.74
Boatmen's Bancshares/Dec	BOAT	o	48– 24	37– 30	32⅞	–9	84	16– 6	16.4	8.1	0.80
Boeing/Dec	BA	n	69– 24	69– 45	65	40	130	17– 10	16.2	10.5	0.59
Boise Cascade/Dec	BCC	n	52– 20	50– 39	41⅞	–6	87	28– 6	6.6	6.3	0.46
Borden/Dec	BN	n	64– 17	61– 48	57⅛	5	98	19– 8	13.5	11.8	0.58
Boston Edison/Dec	BSE	n	28– 13	17– 13	16⅜	–2	91	12– 6	8.8	9.2	0.52
Bowater/Dec	BOW	n	45– 15*	36– 25	27⅝	–18	76	27– 6*	6.3	6.2	0.70
Bristol-Myers/Dec	BMY	n	56– 22	48– 38	46½	9	101	26– 11	16.2	14.1	2.24
Broad Inc†/Nov	BRO	n	19– 5	16– 7	7¼	45	135	NM– 2	NM	NA	NM
Brown-Forman/Apr	BFB	a	66– 16	66– 42	61¼	29	120	20– 8	12.2	11.5	1.64
Brown Group/Jan	BG	n	44– 23	38– 31	33⅜	–4	89	70– 7	69.5	11.7	0.34
Browning-Ferris Inds/Sep	BFI	n	36– 7	30– 21	28⅞	7	100	31– 10	18.4	16.1	1.97
Bruno's/Jun	BRNO	o	13– 3	13– 10	11	–10	83	30– 12	20.0	17.2	0.43
Brunswick/Dec	BC	n	30– 6	24– 16	18⅝	–13	80	17– 5	8.5	8.7	0.49
Burlington Northern†/Dec	BNI	n	84– 21	80– 21	22⅛	36	126	NM– 5	8.0	6.8	0.35
Burlington Resources/Dec	BR	n	NA–NA	52– 23*	43⅛	NA	NA	NA–NA	NM	27.7	2.98
Cabot/Sep	CBT	n	49– 21	45– 34	41⅝	10	102	36– 7	16.8	13.7	0.63
CalFed/Dec	CAL	n	42– 11	27– 21	22⅞	–13	81	9– 3	4.2	5.3	0.20
Campbell Soup/Jul	CPB	n	35– 14	35– 24	31⅝	10	102	20– 9	15.6	13.2	0.77
Capital Cities/ABC/Dec	CCB	n	450–136	386–297	370½	7	99	31– 14	16.6	14.6	1.40
Capital Holding/Dec	CPH	n	39– 15	35– 27	34¼	12	104	14– 7	8.6	8.3	0.75
Carnival Cruise Lines/Nov	CCL	a	19– 8*	19– 11	15¼	16	108	14– 6*	10.4	10.2	3.40
Carolina Power & Lt/Dec	CPL	n	43– 19	38– 32	35¾	3	95	18– 5	17.5	9.1	1.26
Carter Hawley Hale/Jul	CHH	n	13– 8*	13– 8	8¼	–20	74	69– 1*	28.5	14.5	0.07
Castle & Cooke/Dec	CKE	n	29– 9	29– 23	25⅝	7	99	NM– 7	12.5	11.8	0.61
Caterpillar/Dec	CAT	n	75– 28	69– 54	56⅞	–11	83	NM– 9	9.4	8.8	0.56
CBS/Dec	CBS	n	226– 68	183–146	172⅜	7	99	24– 9	3.8	16.0	1.46
Centel/Dec	CNT	n	46– 14	46– 27	43¾	31	122	27– 8	21.8	25.3	2.22
Centerior Energy/Dec	CX	n	28– 12	17– 12	15½	1	94	NM– 4	NM	8.3	1.07
Centex/Mar	CTX	n	41– 15	30– 20	28	40	130	18– 8	13.3	9.0	0.24

*Range is for less than period indicated. †Prices as originally reported, adjusted for splits. Stock performance includes value of special dividends. ‡Includes $33.85 from discontinued operations. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D/D: Deficit to deficit. D/P: Deficit to profit. def: Deficit. Stock prices as of Mar. 23, 1989.

net profit margin	latest 12 months EPS	1988 EPS	Earnings estimated 1989 EPS	% change '89 vs '88 EPS	number of analysts	confidence factor on estimate	Dividends indicated rate	yield	payout ratio	5-year growth rate
10.4%	$1.38	$1.38	$1.62	17%	28	high	$0.32	1.7%	23%	31%
8.9	3.75	3.75	4.22	13	32	very high	1.04	3.2	28	15
42.2	0.91	0.91	0.92	1	32	low	0.10	0.7	11	42
10.0	3.27	3.27	3.75	15	13	very high	1.16	2.5	35	7
5.7	1.31	1.31	1.54	18	29	high	0.56	2.9	43	10
9.7	5.57	5.57	5.45	–2	9	high	1.80	4.3	32	4
9.4	2.05	2.05	2.16	5	8	high	0.72	4.3	35	4
9.6	2.24	1.56	1.76	13	8	average	0.56	3.8	25	44
9.4	4.10	4.01	4.60	15	23	high	1.00	2.0	24	12
12.1	6.65	6.65	7.09	7	30	high	4.08	5.4	61	8
12.2	3.51	3.51	3.65	4	30	high	2.36	5.7	67	10
7.4	4.19	4.19	5.06	21	7	high	2.20	4.7	53	0
2.2	1.50	1.50	1.45	–3	3	very low	none	NA	NA	NA
1.1	2.19	1.89	2.08	10	8	average	0.32	1.2	15	5
17.1	348.23	348.23	265.00	–24	2	NM	none	NA	NA	NA
7.1	5.16	5.16	6.14	19	18	low	none	NA	NA	NA
def	–0.47	–0.47	0.11	D-P	12	very low	none	NA	NA	NA
4.4	1.77	1.65	2.03	23	16	high	0.40	2.0	23	–14
10.8	1.77	1.94E	2.24	15	6	high	1.04	3.7	59	16
5.1	2.01	2.01	4.07	102	11	average	2.00	6.1	100	10
3.6	4.02	4.02	6.19	54	32	average	1.60	2.5	40	16
7.1	6.34	6.34	6.64	5	25	average	1.40	3.3	22	1
4.3	4.22	4.22	4.86	15	25	very high	1.56	2.7	37	14
7.0	1.86	1.86	1.79	–4	19	low	1.82	11.1	98	6
11.7	4.37	4.37	4.48	3	19	average	1.12	4.1	26	16
13.9	2.88	2.88	3.29	14	37	very high	2.00	4.3	69	25
def	–0.46	–0.46	NA	NA	NA	NA	0.09	1.2	NM	17
13.6	5.02	4.79E	5.33	11	5	high	1.68	2.7	33	28
0.5	0.48	0.48	2.86	496	9	high	1.60	4.8	333	5
10.9	1.57	1.51	1.79	19	32	very high	0.56	1.9	36	20
2.2	0.55	0.53	0.64	21	12	very high	0.12	1.1	22	7
5.9	2.20	2.20	2.15	–2	14	low	0.44	2.4	20	19
4.4	2.76	2.76	3.28	19	20	average	1.20	5.4	43	21
3.3	0.46	0.46	1.56	239	16	average	0.58	1.3	126	NA
3.8	2.48	2.27	3.04	34	9	average	1.04	2.5	42	2
4.8	5.39	5.39	4.27	–21	17	low	1.40	6.2	26	51
4.9	2.01	1.87	2.37	27	26	high	0.92	2.9	46	7
8.1	22.31	22.31	25.46	14	26	average	0.20	0.1	1	0
9.3	4.00	4.00	4.11	3	26	high	1.00	2.9	25	6
32.7	1.46	1.46	1.48	1	6	average	0.40	2.6	27	NA
8.7	2.04	2.04	3.95	94	22	high	2.84	7.9	139	5
0.2	0.29	0.33	0.57	73	13	low	none	NA	NA	NA
4.5	2.05	2.05	2.17	6	6	average	none	NA	NA	NA
6.0	6.07	6.07	6.47	7	25	average	1.20	2.1	20	–7
41.5	44.87‡	44.87‡	10.76	–76	28	low	4.40	2.6	10	3
11.5	1.99	1.99	1.71	–14	13	low	1.24	2.9	62	3
def	–0.73	–0.73	1.87	D-P	23	low	1.60	10.3	NM	–8
1.8	2.10	2.41E	3.10	29	8	low	0.40	1.4	19	1

Sources: William O'Neil & Co., The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus CD Investment, Forbes.

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Company/fiscal year end	Ticker symbol	exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance latest 12 months price change	Stock performance latest 12 months relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1989 est	Stock price ratios price/sales
Central & So West/Dec	CSR	n	41– 17	34– 30	30⅜	0%	92%	11– 5	8.9	8.0	1.14
Central Bancshares/Dec	CBSS	o	23– 7	16– 14	13⅞	1	94	13– 6	7.3	6.8	0.74
Central Fidelity Bks/Dec	CFBS	o	37– 13	29– 25	28	4	96	13– 6	8.8	8.0	0.97
Central Ill Pub Svc/Dec	CIP	n	31– 14	23– 20	20⅜	–6	87	16– 5	8.7	9.1	1.13
CenTrust Savings Bank/Sep	DLP	a	14– 4*	9– 5	4⅞	–47	50	NM– 1*	NM	NA	0.04
Champion Intl/Dec	CHA	n	45– 17	38– 30	30⅛	–12	82	22– 6	6.3	5.8	0.56
Chase Manhattan/Dec	CMB	n	50– 18	35– 24	34⅜	36	127	NA– 3	3.0	4.9	0.25
Chemical Banking/Dec	CHL	n	56– 20	34– 21	32⅝	43	133	NM– 2	2.7	4.4	0.28
Chevron/Dec	CHV	n	65– 29	55– 43	51¾	14	106	29– 7	10.0	10.9	0.70
Chrysler/Dec	C	n	48– 9	30– 21	24⅝	2	95	8– 2	5.3	4.5	0.16
Chubb/Dec	CB	n	78– 23	68– 51	66½	14	106	NM– 6	7.8	7.8	0.68
Cigna/Dec	CI	n	77– 27	55– 43	52⅝	11	103	NM– 6	9.3	11.0	0.23
Cincinnati Bell/Dec	CSN	n	47– 9	47– 23	42⅞	77	164	18– 6	16.3	13.6	1.81
Cincinnati Financial/Dec	CINF	o	76– 26	63– 45	60¾	24	115	18– 6	7.6	8.2	1.08
Cincinnati G&E/Dec	CIN	n	31– 9	29– 24	25	–2	91	9– 3	5.8	6.1	0.90
Circle K/Apr	CKP	n	19– 7	16– 11	15⅝	26	116	21– 8	14.7	15.4	0.21
Circuit City Stores/Feb	CC	n	45– 7	45– 25	43	59	147	26– 8	15.4	12.1	0.60
Citadel Holding/Dec	CDL	a	61– 12	43– 34	37½	2	95	9– 3	5.2	5.7	0.32
Citicorp/Dec	CCI	n	34– 14	30– 19	27¾	43	133	NM– 3	5.7	5.7	0.28
Citizens & Southern/Dec	CTZ	n	31– 13	28– 23	26⅛	10	102	12– 6	8.2	7.3	0.78
Citizens Savings/Dec	CSFCB	o	20– 6	15– 12	12¾	6	99	5– 3	2.7	NA	0.12
Citizens Utilities/Dec	CITUA	o	44– 10	44– 31	41⅝	34	125	26– 11	24.4	23.4	6.05
City National/Dec	CTYN	o	27– 7	27– 19	24¾	19	110	17– 8	12.3	10.6	1.64
CityFed Financial/Dec	CTYF	o	18– 3	6– 3	3⅛	–38	58	NM– 2	NM	NM	0.06
Clorox/Jun	CLX	n	36– 11	35– 27	31⅛	–1	92	17– 7	12.4	12.4	1.29
CMS Energy/Dec	CMS	n	27– 4	27– 16	24⅜	38	128	NM– 2	7.3	7.2	0.67
CNW/Dec	CNW	n	45– 16	41– 21	38	74	161	NM– 6	7.5	10.7	0.62
Coast S&L Assn/Dec	CSA	n	22– 11*	20– 14	17⅜	1	93	28– 3*	4.8	6.1	0.21
Coastal Corp/Dec	CGP	n	40– 11	37– 26	33⅞	22	113	NM– 5	12.6	10.6	0.24
Coca-Cola/Dec	KO	n	53– 18	52– 35	50¾	29	120	21– 12	17.6	15.3	2.14
Coca-Cola Enterprises/Dec	CCE	n	21– 11*	17– 13	16	5	97	48– 13*	15.5	18.8	0.55
Colgate-Palmolive/Dec	CL	n	53– 21	50– 40	46⅛	6	99	67– 9	10.0	12.1	0.67
Colorado Natl Bkshs/Dec	COLC	o	22– 9	17– 12	15¼	27	118	NM– 6	15.6	11.4	0.54
Columbia Gas System/Dec	CG	n	57– 27	37– 27	34⅛	16	107	NM– 5	13.9	12.7	0.50
Columbia Pictures/Feb	KPE	n	19– 7*	19– 8	16¾	106	191	NM– 6*	NM	69.8	1.34
Columbia S&L Assn/Dec	CSV	n	18– 3	10– 6	8⅜	10	102	28– 1	5.3	5.3	0.13
Combustion Eng/Dec	CSP	n	45– 23	38– 26	26⅜	–22	72	NM– 10	NM	13.5	0.29
Comcast/Dec	CMCSA	o	21– 4	21– 13	18⅜	4	97	NM– 15	NM	NM	3.09
Comdisco/Sep	CDO	n	37– 5	26– 19	21⅞	5	97	19– 4	9.5	8.3	0.68
Comerica/Dec	CMCA	o	52– 17	52– 41	46⅞	11	103	14– 6	6.9	6.6	0.71
Commerce Bcshs/Dec	CBSH	o	44– 20	44– 33	42½	27	118	12– 6	8.6	8.1	0.86
Commercial Federal/Jun	CFCN	o	19– 5*	12– 6	6⅞	–41	54	NM– 2*	62.6	4.5	0.08
Commonwealth Ed/Dec	CWE	n	38– 22	35– 23	33½	21	112	12– 5	11.1	9.7	1.26
Community Psych/Nov	CMY	n	32– 13	27– 21	26⅜	19	110	27– 13	17.1	14.7	3.51
Compaq Computer/Dec	CPQ	n	79– 4	76– 47	68⅛	36	126	24– 7	10.8	9.3	1.27
Computer Associates/Mar	CA	n	40– 4	40– 24	35	30	121	39– 13	19.6	14.2	3.01
ConAgra/May	CAG	n	38– 10	34– 24	31⅛	20	111	21– 10	14.5	11.3	0.24
Consolidated Edison/Dec	ED	n	53– 23	47– 41	45	3	96	12– 5	9.1	9.4	1.00

*Range is for less than period indicated. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit. Stock prices as of Mar. 25, 1989.

net profit margin	latest 12 months EPS	1988 EPS	Earnings estimated 1989 EPS	% change '89 vs '88 EPS	number of analysts	confidence factor on estimate	Dividends indicated rate	yield	payout ratio	5-year growth rate
12.9%	$3.43	$3.43	$3.81	11%	28	average	$2.60	8.6%	76%	6%
10.2	1.91	1.91	2.05	7	6	high	0.77	5.5	40	12
11.1	3.20	3.20	3.50	9	7	high	1.16	4.1	36	12
14.0	2.35	2.35	2.25	-4	16	average	1.76	8.6	75	2
0.7	-1.57	1.08	NA	NA	NA	NA	none	NA	NA	0
8.9	4.80	4.80	5.25	9	26	average	1.10	3.6	23	26
8.6	11.55	11.55	7.02	-39	28	low	2.36	0.8	20	5
10.0	12.02	12.02	7.50	-38	25	low	2.72	8.3	23	4
7.0	5.17	5.17	4.74	-8	39	average	2.80	3.4	54	2
3.0	4.66	4.66	5.44	17	23	average	1.20	4.9	26	31
9.0	8.55	8.55	8.50	-1	28	average	2.32	3.5	27	11
2.6	5.68	5.68	4.77	-16	28	low	2.96	5.6	52	4
11.4	2.63	2.63	3.15	20	10	average	1.12	2.6	43	14
14.2	7.96	7.96	7.41	-7	8	average	2.16	3.6	27	14
16.4	4.32	4.32	4.12	-5	19	average	2.24	9.0	52	6
1.6	1.05	0.92E	1.00	9	6	average	0.28	1.8	27	4
3.9	2.79	3.03E	3.55	17	18	high	0.12	0.3	4	29
6.3	7.32	7.32	6.60	-10	3	NM	none	NA	NA	NA
5.3	4.87	4.87	4.90	1	33	average	1.48	5.3	30	7
9.9	3.25	3.25	3.61	11	27	very high	1.24	4.7	38	13
4.7	4.66	4.66	NA	NA	NA	NA	none	NA	NA	NA
24.8	1.71	1.68E	1.78	6	5	high	none	NA	NA	NA
13.3	2.02	2.02	2.33	15	5	average	0.64	2.6	32	22
def	-1.61	1.61	-0.43	D-D	3	NM	0.04	1.3	NM	-34
10.2	2.56	2.46	2.55	4	16	very high	1.04	3.3	41	12
9.2	3.31	3.31	3.37	2	26	average	none	NA	NA	NA
9.5	5.05	5.05	3.55	-30	14	average	none	NA	NA	NA
4.3	3.65	3.65	2.84	-22	12	low	0.40	2.3	11	NA
1.9	2.70	2.70	3.21	19	25	average	0.40	1.2	15	26
12.5	2.85	2.85	3.28	15	26	very high	1.36	2.7	48	7
3.9	1.03	1.03	0.85	-17	18	low	0.05	0.3	5	NA
6.7	4.64	4.64	3.81	-18	17	average	1.48	3.2	32	5
3.4	0.98	0.98	1.34	37	8	low	0.16	1.0	16	NA
3.8	2.46	2.46	2.68	9	21	low	2.00	5.9	81	-7
def	-0.93	-0.09E	0.24	D-P	11	very low	none	NA	NA	NA
5.0	1.55	1.55	1.53	-1	1	NM	0.28	3.4	18	NA
def	-6.40	-6.40	1.95	D-P	16	average	1.00	3.8	NM	-18
def	-0.29	-0.21E	0.23	D-D	8	NM	0.12	0.6	NM	40
7.2	2.30	0.41	2.64	NM	7	high	0.24	1.1	10	11
10.7	6.78	6.78	7.13	5	11	high	2.20	4.7	32	8
10.2	4.92	4.92	5.26	7	5	high	1.20	2.8	24	4
0.2	0.11	0.19	1.53	NM	5	low	none	NA	NA	NA
13.1	3.01	3.01	3.46	15	29	average	3.00	9.0	100	2
20.4	1.54	1.54	1.79	16	22	very high	0.36	1.4	23	25
12.4	6.30	6.30	7.30	16	45	average	none	NA	NA	NA
15.4	1.79	1.88E	2.47	31	20	high	none	NA	NA	NA
1.7	2.15	2.41E	2.76	15	17	high	0.77	2.5	36	15
11.7	4.93	4.93	4.77	-3	26	average	3.44	7.6	70	11

Sources: William O'Neil & Co., The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan; and Value Line Investment Survey.

The Forbes 500s on Wall Street

Company/fiscal year end	Ticker symbol	exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance —latest 12 months— price change	Stock performance —latest 12 months— relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1989 est	Stock price ratios price/sales
Consol Freightways/Dec	CNF	n	41– 13	38– 25	29⅞	3%	90%	21– 8	9.7	10.1	0.41
Consol Natural Gas/Dec	CNG	n	47– 16	42– 34	38⅞	4	97	22– 6	16.3	13.5	1.27
Consolidated Papers/Dec	CPER	o	44– 13	44– 33	36	8	100	18– 8	10.5	9.3	1.75
Consolidated Rail/Dec	CRR	n	41– 20*	37– 26	33⅝	8	100	10– 5*	7.5	7.2	0.66
Contel/Dec	CTC	n	51– 18	51– 31	49⅛	53	142	69– 7	14.1	13.9	1.31
Continental Bank/Dec	CBK	n	41– 9*	24– 14	20⅛	30	120	NM– 4*	3.6	3.5	0.27
Continental Corp/Dec	CIC	n	55– 24	45– 32	41	1	79	NM– 6	NM	11.3	0.29
Control Data/Dec	CDA	n	59– 15	29– 16	20⅛	26	68	NM– 8	NM	25.2	0.23
Cooper Industries/Dec	CBE	n	57– 13	31– 23	27⅛	7	86	25– 11	12.5	10.9	0.66
Adolph Coors/Dec	ACCOB	o	32– 12	21– 18	18	0	84	25– 5	14.5	12.1	0.45
CoreStates Financial/Dec	CSFN	o	44– 15	43– 38	42⅛	9	101	13– 5	9.4	8.4	1.02
Corning Glass Works/Dec	GLW	n	41– 15	37– 25	33⅞	27	117	28– 8	10.4	13.3	1.42
Costco Wholesale/Aug	COST	o	20– 6*	20– 12	19	36	126	NM– 23*	33.3	20.7	0.21
CPC International/Dec	CPC	n	59– 17	58– 44	51⅝	3	95	23– 9	14.0	12.3	0.86
Cray Research/Dec	CYR	n	136– 19	89– 53	54⅛	–31	64	34– 10	10.9	10.2	2.09
Crestar Financial/Dec	CRF	o	36– 13	27– 22	24	1	89	13– 6	8.3	7.6	0.68
CrossLand Savings FSB/Dec	CRL	n	25– 7*	19– 12	14	9	101	9– 4*	4.2	4.8	0.14
Crown Cork & Seal/Dec	CCK	n	52– 12	52– 34	38	41	138	17– 8	14.3	12.7	0.71
CSX/Dec	CSX	n	42– 18	34– 24	31	10	93	34– 16	33.6	8.0	0.44
Cullen/Frost Bankers/Dec	CFBI	o	34– 6	25– 8	14	74	162	NM– 9	32.7	29.5	0.40
Cummins Engine/Dec	CUM	n	95– 41	68– 45	61⅛	4	97	NM– 3	NM	19.0	0.20
Cyprus Minerals/Dec	CYM	n	42– 11*	42– 24	38⅝	53	142	31– 5*	6.1	6.2	0.76
Dana/Dec	DCN	n	54– 21	40– 34	37⅝	–1	92	24– 6	9.4	9.0	0.29
Dauphin Deposit/Dec	DAPN	o	37– 12	34– 27	30⅛	7	100	15– 6	9.7	8.8	1.33
Dayton Hudson/Jan	DH	n	63– 22	48– 32	43⅛	18	110	29– 10	12.6	11.3	0.28
Dean Foods/May	DF	n	34– 14	32– 26	30⅛	8	100	25– 12	17.9	12.5	0.51
Deere/Oct	DE	n	53– 22	33– 23	29⅛	11	105	NM– 10	13.4	10.1	0.68
Delmarva Power & Light/Dec	DEW	n	25– 11	19– 17	17⅛	3	90	13– 6	10.2	9.8	1.04
Delta Air Lines/Jun	DAL	n	67– 27	68– 43	67⅜	14	110	47– 3	8.1	8.6	0.38
Deluxe Corp/Dec	DLX	n	42– 9	36– 31	36⅛	1	94	28– 10	16.0	14.0	1.92
Deposit Guaranty/Dec	DEPS	o	42– 18	35– 30	31⅝	7	86	12– 7	8.1	7.8	0.74
Detroit Edison/Dec	DTE	n	19– 12	19– 12	17⅝	30	121	NM– 4	NM	8.4	0.84
Diamond Shamrock R&M/Dec	DRM	n	21– 7*	21– 13	19⅝	51	140	NM– 6*	9.2	9.4	0.26
Digital Equipment/Jun	DEC	n	200– 39	122– 86	97⅝	10	84	23– 9	10.4	10.2	0.96
Dillard Dept Stores/Jan	DDSA	a	58– 11	51– 36	49⅜	33	124	24– 7	14.0	12.3	0.62
Dime Savings Bank FSB/Dec	DME	n	37– 13*	19– 13	14	76	69	9– 3*	6.8	5.8	0.29
Walt Disney/Sep	DIS	n	84– 11	79– 54	75⅛	34	115	NM– 9	18.3	16.3	2.70
Dominion Bankshares/Dec	DMBK	o	35– 9	30– 15	18	0	93	14– 6	8.5	7.5	0.77
Dominion Resources/Dec	D	n	45– 21	43– 40	40	4	89	13– 6	9.0	9.0	1.19
RR Donnelley & Sons/Dec	DNY	n	46– 17	39– 33	37	5	97	21– 11	14.1	12.8	1.00
Dover/Dec	DOV	n	39– 16	37– 27	28⅛	–9	84	25– 11	12.7	11.3	0.94
Dow Chemical/Dec	DOW	n	110– 26	101– 78	89⅝	7	99	NM– 6	7.0	6.0	0.99
Dow Jones/Dec	DJ	n	56– 24	37– 29	30⅝	8	85	35– 13	12.9	15.7	1.91
Downey S&L Assn/Dec	DSL	n	27– 3	20– 13	17⅛	27	117	11– 1	6.4	3.9	0.56
DPL/Dec	DPL	n	29– 13	28– 24	24	5	88	21– 5	8.1	7.2	1.03
Dresser Industries/Oct	DI	n	39– 14	23– 15	15	1	104	NM– 14	18.0	15.0	0.60
Dreyfus/Dec	DRY	n	46– 26	40– 34	37⅛	1	92	24– 7	13.8	10.8	4.25
EI du Pont de Nemours/Dec	DD	n	153– 43	107– 79	98⅛	21	113	15– 7	11.0	9.9	0.74

*Range is for less than period indicated. NA/Not available or applicable. NM/Not meaningful. E/Estimate. f/Definitive. p/Adviser. D/F/Deficit to profit. def/Deficit. Stock prices as of Mar. 25, 1989.

net profit margin	latest 12 months EPS	Earnings 1988 EPS	Earnings estimated 1989 EPS	Earnings % change '89 vs '88 EPS	Earnings number of analysts	Earnings confidence factor on estimate	Dividends indicated rate	Dividends yield	Dividends payout ratio	Dividends 5-year growth rate
4.2%	$3.00	$3.00	$2.89	–4%	20	low	$0.98	3.4%	33%	10%
7.8	2.34	2.34	2.82	21	24	average	1.76	4.6	75	14
16.7	3.44	3.44	3.86	12	17	average	1.00	2.8	29	10
8.8	4.44	4.44	4.63	4	19	average	1.20	3.6	27	NA
9.3	3.50	3.50	3.54	1	18	average	2.08	4.2	59	5
10.5	5.19	5.19	3.67	–29	16	very low	0.80	4.0	15	NA
0.0	–0.09	0.09	2.81	D-P	25	very low	2.60	8.2	NM	0
0.0	0.03	0.03	0.81	NM	17	very low	none	NA	NA	NA
5.3	2.21	2.21	2.52	14	21	high	1.00	3.6	45	5
3.1	1.28	1.28	1.53	20	11	low	0.50	2.7	39	4
11.0	4.50	4.50	5.00	11	30	very high	1.68	4.0	37	11
13.8	3.25	3.25	2.55	–22	14	low	0.80	2.4	25	9
0.7	0.57	0.46	0.92	100	14	average	none	NA	NA	NA
6.2	3.68	3.68	4.19	14	18	very high	1.60	3.1	43	9
20.7	4.99	4.99	5.30	6	34	high	none	NA	NA	NA
8.6	2.96	2.96	3.21	8	15	very high	1.20	4.9	41	14
7.7	4.42	4.42	2.94	–33	7	very low	0.80	5.7	18	NA
5.1	3.37	3.37	3.80	13	7	average	none	NA	NA	NA
1.9	0.93	0.93	3.92	322	24	low	1.24	4.0	133	5
0.8	0.28	0.28	0.50	79	4	very low	none	NA	NA	NA
def	–6.71	–6.71	3.22	D-P	16	very low	2.20	3.6	NM	1
12.8	6.31	6.31	6.21	–2	16	low	0.80	2.1	13	NA
3.1	3.99	3.99	4.20	5	15	average	1.60	4.3	40	6
13.6	3.14	3.14	3.45	10	3	very high	1.36	4.5	43	12
2.4	3.45	3.45	3.86	12	30	average	1.12	2.6	32	10
2.9	1.73	2.17E	2.48	14	10	high	0.60	1.9	35	11
4.9	3.72	4.06	4.91	21	24	low	1.20	2.4	32	–18
11.0	1.70	1.70	1.77	4	16	high	1.50	8.7	88	7
4.7	7.03	6.30	6.66	6	21	low	1.20	2.1	17	16
12.0	1.68	1.68	1.92	14	13	high	0.92	3.4	55	22
9.1	3.94	3.94	4.05	3	6	average	1.52	4.8		9
def	–1.95	–1.95	2.11	D-P	24	average	1.68	9.5	NM	0
3.0	2.14	2.14	2.08	–3	11	low	0.44	2.2	21	NA
9.8	9.30	9.90	9.56	–3	44	high	none	NA	NA	NA
4.4	3.53	3.53	4.04	14	16	average	0.16	0.3	5	13
4.3	2.00	2.00	2.33	17	12	low	0.60	4.4	30	NA
15.2	4.15	3.80	4.65	22	25	high	0.48	0.6	12	8
9.2	2.14	2.14	2.42	13	15	high	0.80	4.4	37	8
13.1	4.52	4.52	4.52	0	31	high	3.20	7.9	71	4
7.1	2.64	2.64	2.91	10	19	very high	0.88	2.4	33	11
7.5	2.22	2.22	2.49	12	11	high	0.68	2.4	31	12
14.4	12.82	12.82	14.89	16	31	average	3.20	3.6	25	11
14.2	2.35	2.35	1.94	–17	24	average	0.72	2.4	31	9
8.8	2.70	2.70	4.39	63	3	very low	0.40	2.3	15	32
12.7	3.01	3.01	3.39	13	19	low	2.24	9.1	74	2
3.4	1.99	2.11	2.39	13	30	average	0.80	2.2	40	–12
33.9	2.21	2.21	2.56	16	11	average	0.52	1.9	24	15
6.7	9.11	9.11	10.09	11	31	average	4.20	4.2	46	6

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan; Value Line Investment Survey.

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Company/fiscal year end	Ticker symbol	exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance —latest 12 months— price change	Stock performance —latest 12 months— relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1989 est	Stock price ratios price/sales
Duke Power/Dec	DUK	n	52– 23	48– 42	43⅜	–2%	91%	13– 6	11.2	9.3	1.22
Dun & Bradstreet/Dec	DNB	n	72– 26	58– 46	51⅝	4	97	31– 16	19.2	16.1	2.24
Duquesne Light/Dec	DQU	n	20– 11	19– 14	17½	21	112	11– 5	9.4	8.6	0.95
E-Systems/Dec	ESY	n	41– 22	34– 26	27⅝	–9	84	26– 11	11.5	10.1	0.59
Eastman Kodak/Dec	EK	n	71– 27	50– 39	44¾	9	101	42– 10	10.4	9.6	0.85
Eaton/Dec	ETN	n	72– 25	60– 47	56⅛	7	99	23– 6	9.1	8.6	0.60
Echlin/Aug	ECH	n	25– 10	19– 15	16	–2	91	22– 9	13.7	12.2	0.64
EG&G/Dec	EGG	n	45– 26	38– 27	30¼	–18	76	24– 12	13.2	11.4	0.65
Emerson Electric/Sep	EMR	n	42– 19	34– 27	30	–6	87	21– 12	12.6	11.7	0.99
Emhart/Dec	EMH	n	43– 12	43– 19	41⅛	77	164	NM– 7	20.4	18.1	0.93
Empire of America/Dec	EOA	a	7– 1*	4– 1	1¼	–63	34	NM– 2*	NM	NA	0.02
Engelhard/Dec	EC	n	29– 14	22– 16	20⅝	6	99	21– 10	14.5	12.8	0.39
Enron/Dec	ENE	n	55– 31	43– 35	37⅝	5	97	NM– 6	18.8	18.9	0.31
Enserch/Dec	ENS	n	30– 13	22– 16	18⅞	5	97	NM– 11	NM	16.7	0.40
Equimark/Dec	EQK	n	29– 9	15– 10	14½	6	98	NM– 6	6.5	8.1	0.36
Equitable Bancorp/Dec	EBNC	o	29– 9	25– 18	21⅝	3	96	16– 6	8.3	7.4	0.60
Esselte Business Sys/Dec	ESB	n	46– 13*	41– 27	34⅝	–13	81	19– 8*	12.1	10.8	0.51
Ethyl/Dec	EY	n	32– 5	25– 20	24	16	108	23– 7	12.6	11.3	1.07
Exchange Bancorp/Dec	EXCG	o	15– 3	15– 11	13⅝	21	112	15– 4	11.7	8.4	0.89
Exxon/Dec	XON	n	50– 19	48– 40	44½	4	97	15– 6	11.3	10.9	0.71
Far West Financial/Dec	FWF	n	20– 7	12– 7	8⅜	–26	69	28– 3	7.9	NA	0.15
Farm & Home Finl/Dec	FAHS	o	28– 11	21– 15	15⅜	–15	79	NM– 4	9.3	5.8	0.35
Federal Express/May	FDX	n	76– 28	56– 39	45⅝	–2	91	29– 10	12.3	9.8	0.55
Federal Natl Mortgage/Dec	FNM	n	69– 11	69– 32	63¾	90	176	NM– 7	9.8	8.3	0.47
Federal Paper Board/Dec	FBO	n	28– 8	28– 17	26¾	36	126	65– 5	7.5	6.4	0.92
Fifth Third Bancorp/Dec	FITB	o	51– 14	51– 35	50¼	35	125	15– 7	12.8	11.5	2.17
Fin Cp Santa Barbara/Dec	FSB	n	18– 2	6– 2	2	66	32	NM– 3	NM	4.0	0.03
Fireman's Fund/Dec	FFC	n	45– 24*	34– 26	32⅛	16	108	47– 7*	7.0	11.2	0.42
First Alabama Bcshs/Dec	FABC	o	27– 9	17– 14	15¾	2	95	16– 6	8.9	8.2	1.10
First American/Dec	FATN	o	35– 12	29– 20	21½	–14	79	18– 6	16.3	7.6	0.71
First Bncp Ohio/Dec	FBOH	o	39– 13	33– 26	28	2	94	14– 6	9.0	8.1	1.20
First Bank System/Dec	FBS	n	37– 11	24– 19	19¾	–10	83	NM– 5	NM	7.2	0.62
First Capital/Dec	FCAP	o	32– 12	27– 22	22½	–10	83	12– 6	8.0	7.6	0.82
First Capital Holding/Dec	FCH	n	27– 1	10– 5	9⅝	79	166	67– 3	5.1	5.9	0.41
First Chicago/Dec	FNB	n	39– 17	39– 23	36⅞	45	134	NM– 3	4.5	5.5	0.48
First Citizens Bcshs/Dec	FCNCA	o	40– 24	37– 29	29½	–8	86	17– 9	13.5	NA	0.90
First City Bncp Texas/Dec	FBT	n	NA– NA	NA– NA*	29½	NA	NA	NA– NA	NA	7.5	0.47
First Commerce/Dec	FCOM	o	29– 14	20– 18	17⅞	–4	89	NM– 9	9.4	8.5	0.51
First Empire State/Dec	FES	a	59– 16	57– 47	56½	11	103	13– 7	9.4	8.0	0.74
First Executive/Dec	FEXC	o	21– 6	16– 9	14⅞	19	110	17– 4	7.8	7.3	0.39
First Federal Mich/Dec	FFOM	o	30– 6	16– 10	14¾	10	102	12– 2	4.6	8.5	0.14
First Fidelity Bncp/Dec	FFB	n	47– 16	41– 25	27¾	–23	71	NM– 5	NM	6	0.57
First Florida Banks/Dec	FFBK	o	37– 17	29– 25	27¾	–1	92	13– 7	9.0	8.5	0.92
First Hawaiian/Dec	FHWN	o	35– 10	35– 23	35⅛	49	139	13– 6	10.9	9.6	1.22
First Interstate Bncp/Dec	I	n	67– 30	54– 41	46⅞	3	96	NM– 5	23.1	6.1	0.36
First National Cinc/Dec	FNAC	o	50– 19	43– 36	40½	3	90	16– 6	10.5	9.2	1.09
First of America Bank/Dec	FABK	o	54– 18	50– 38	38½	18	76	10– 4	6.3	6.2	0.54
First Pennsylvania/Dec	FPA	n	13– 5	13– 10	12⅝	19	110	NM– 8	9.3	8.8	0.77

*Range is for less than period indicated. NA-Not available or applicable. NM-Not meaningful. E-Estimate. D-D. Deficit to deficit. D-P. Deficit to profit. def-Deficit. Stock prices as of Mar. 23, 1989.

net profit margin	latest 12 months EPS	Earnings 1988 EPS	Earnings estimated 1989 EPS	Earnings % change '89 vs '88 EPS	Earnings number of analysts	Earnings confidence factor on estimate	Dividends indicated rate	Dividends yield	Dividends payout ratio	Dividends 5-year growth rate
12.4%	$3.90	$3.90	$4.70	21%	27	high	$2.96	6.8%	76%	4%
11.7	2.67	2.67	3.17	19	24	very high	1.74	3.4	65	15
12.9	1.86	1.86	2.04	10	18	average	1.28	7.3	69	–16
5.2	2.40	2.40	2.75	15	29	high	0.50	1.8	21	2
8.2	4.31	4.31	4.68	9	22	very high	2.00	4.5	46	4
6.6	6.17	6.17	6.54	6	18	average	2.00	3.5	32	21
4.7	1.17	1.12	1.31	17	18	average	0.70	4.4	60	10
4.9	2.30	2.30	2.65	15	13	high	0.68	2.2	30	4
5.0	2.38	2.31	2.56	11	23	very high	1.12	3.7	47	4
4.6	2.02	2.02	2.27	12	8	high	0.88	2.1	44	4
def	–4.24	–4.24	NA	NA	NA	NA	none	NA	NA	NA
2.7	1.42	1.42	1.61	13	11	average	0.56	2.7	39	4
2.3	1.99	1.99	1.98	–1	22	very low	2.48	6.6	125	2
def	–4.00	–4.00	1.13	D-P	20	low	0.80	4.2	NM	–20
6.5	2.21	2.21	1.75	–21	4	average	0.16	1.1	7	NA
8.8	2.57	2.57	2.90	13	4	high	1.04	4.9	40	27
4.2	2.87	2.87	3.21	12	4	high	0.96	2.8	33	46
8.5	1.91	1.91	2.13	12	25	high	0.48	2.0	25	19
9.9	1.17	1.17	1.63	39	6	low	0.13	1.0	11	NA
6.5	3.95	3.85	4.10	4	43	average	2.20	4.9	56	6
1.9	1.09	1.09	NA	NA	NA	NA	0.40	4.6	37	39
3.8	1.66	1.66	2.67	61	2	NM	1.02	6.6	61	41
5.0	3.66	3.88E	4.61	19	11	average	none	NA	NA	NA
4.8	6.46	6.43	7.66	19	25	average	0.96	1.5	15	47
12.8	3.51	3.51	4.11	17	14	average	0.80	3.0	23	12
16.6	3.93	3.93	4.39	12	6	very high	1.20	2.4	31	20
def	–0.80	–0.80	0.50	D-P	1	NM	none	NA	NA	NA
6.7	4.73	4.73	2.93	–38	25	low	0.60	1.9	13	56
12.3	1.77	1.77	1.92	8	6	high	0.84	5.3	47	13
4.4	1.32	1.32	2.82	114	12	high	1.25	5.8	95	14
13.4	3.12	3.12	3.44	10	4	average	1.45	5.2	46	13
def	–5.25	–5.25	2.75	D-P	23	average	1.64	8.3	NM	26
10.2	2.80	2.80	2.97	6	3	high	0.94	4.2	34	13
7.2	1.90	1.90	1.63	–14	2	NM	none	NA	NA	NA
10.7	8.20	8.20	6.72	–18	25	high	1.80	4.9	22	5
6.7	2.19	2.19	NA	NA	NA	NA	0.40	1.4	18	0
7.6	NA	NA	3.92	NM	10	low	none	NA	NA	NA
6.1	1.91	1.91	2.11	10	8	high	1.20	6.7	63	0
8.3	6.02	6.02	7.01	16	6	average	1.00	1.8	17	15
6.7	1.91	1.91	2.05	7	14	average	none	NA	NA	NA
3.2	3.22	3.22	1.73	–46	10	very low	0.60	4.1	19	14
1.2	0.29	0.29	–4.40	NM	21	average	2.00	7.2	NM	9
10.2	3.08	3.08	3.28	6	7	high	0.84	3.0	27	22
11.3	3.23	3.23	3.65	13	4	average	1.20	3.4	37	19
1.7	2.03	2.03	7.70	279	26	average	2.92	6.2	144	6
10.4	3.84	3.84	4.37	14	5	high	1.64	4.1	43	11
10.0	6.16	6.16	6.18	0	8	average	2.00	5.2	32	14
9.3	1.36	1.36	1.44	6	9	average	none	NA	NA	NA

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus CD Investment; Forbes

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Company/fiscal year end	Ticker symbol	exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance —latest 12 months— price change	Stock performance —latest 12 months— relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1989 est	Stock price ratios price/sales
First Security/Dec	FSCO	o	36– 15	27– 24	25½	1%	94%	68– 9	9.4	8.2	0.60
First Tennessee Natl/Dec	FTEN	o	37– 14	29– 22	25¾	0	92	15– 6	7.7	7.0	0.67
First Union/Dec	FTU	n	30– 12	24– 19	21⅜	6	98	13– 6	7.8	7.2	0.79
First Virginia Banks/Dec	FVB	n	38– 15	28– 23	26½	–2	91	14– 7	9.1	8.4	1.16
First Wachovia/Dec	FW	n	46– 21	42– 36	40⅜	9	102	14– 8	9.3	8.7	1.15
Firstar/Dec	FSR	n	33– 8	29– 22	28	17	108	NM– 4	5.8	7.9	0.76
Fleet/Norstar Finl/Dec	FNG	n	31– 10	28– 22	26⅛	11	103	15– 5	8.5	7.7	0.92
Fleetwood Enterprises/Apr	FLE	n	34– 14	31– 19	29	41	131	19– 6	9.9	9.9	0.42
Fleming Cos/Dec	FLM	n	46– 22	36– 29	32⅜	7	99	18– 9	13.3	10.5	0.09
Florida Federal/Jun	FLFE	o	23– 2	6– 2	2	–62	35	NM– 9	NM	NA	0.04
Florida Natl Banks/Dec	FNBF	o	29– 11	25– 13	23¾	61	149	26– 4	18.1	14.6	0.84
Florida Progress/Dec	FPC	n	47– 19	36– 32	33½	0	92	13– 6	9.5	9.2	0.85
Fluor/Oct	FLR	n	25– 11	25– 17	22¾	23	114	NA– 25	26.2	20.1	0.33
FMC/Dec	FMC	n	60– 8	39– 28	34	12	104	16– 5	9.4	8.0	0.35
Food Lion/Dec	FDLNB	o	15– 2	13– 10	11⅜	6	98	58– 15	32.5	25.3	0.96
Ford Motor/Dec	F	n	57– 11	57– 41	48½	12	104	6– 2	4.4	4.7	0.25
Fortune Financial/Sep	FORF	o	35– 13	32– 18	20⅓	0	93	NM– 4	NM	11.9	0.32
Fourth Financial/Dec	FRTH	o	28– 13	24– 19	24⅓	23	114	13– 8	10.6	9.9	1.28
FPL Group/Dec	FPL	n	38– 18	32– 28	29⅝	0	93	14– 7	8.5	8.7	0.65
Freeport-McMoRan/Dec	FTX	n	NA–NA	37– 17*	33⅞	NA	NA	NA–NA	8.2	7.6	1.18
Fruehauf/Dec	FTRB	n	8– 2*	6– 2	2⅛	–29	66	NM–NM*	NM	NA	0.01
Fuqua Industries/Dec	FQA	n	38– 10	34– 25	28¼	–5	88	13– 5	6.6	11.3	0.64
Gannett/Dec	GCI	n	56– 18	39– 29	36⅝	2	94	30– 13	16.2	15.1	1.78
Gap/Jan	GPS	n	78– 5	43– 20	38	65	153	40– 7	18.5	14.3	1.07
Geico/Dec	GEC	n	137– 49	132–120	124⅜	2	95	21– 10	10.4	12.9	1.09
GenCorp/Nov	GY	n	40– 10	23– 16	18	–9	84	NM– 8	8.6	9.2	0.30
Genentech/Dec	GNE	n	65– 7	45– 14	19⅛	–54	43	NM– 22	NM	36.1	4.91
General Cinema/Oct	GCN	n	32– 8	27– 16	25⅝	53	142	29– 8	18.0	20.0	0.73
General Dynamics/Dec	GD	n	89– 43	59– 49	53½	–5	88	NM– 4	5.9	6.0	0.23
General Electric/Dec	GE	n	66– 24	49– 38	44	5	97	22– 10	11.7	10.5	0.80
General Instrument/Feb	GRL	n	48– 13	40– 21	27⅜	–13	81	NM– 8	11.0	9.6	0.74
General Mills/May	GIS	n	62– 20	59– 43	57¾	20	111	NM– 8	9.4	13.3	0.85
General Motors/Dec	GM	n	47– 25	47– 34	41½	17	108	13– 4	6.1	6.0	0.21
General Public Utils/Dec	GPU	n	39– 7	39– 31	37½	18	110	9– 5	7.9	7.6	0.77
General Re/Dec	GRN	n	70– 23	66– 46	64½	33	123	43– 9	12.8	10.8	2.19
General Signal/Dec	GSX	n	61– 33	57– 44	49½	–2	90	54– 11	54.1	11.6	0.53
Genuine Parts/Dec	GPC	n	44– 16	41– 33	36⅛	–9	85	25– 11	15.4	13.7	0.95
Georgia Gulf/Dec	GGC	n	47– 10*	47– 26	41⅛	32	122	16– 4*	6.1	5.0	0.95
Georgia-Pacific/Dec	GP	n	53– 18	43– 33	42⅝	18	109	15– 5	8.9	7.8	0.42
Gerber Products/Mar	GEB	n	67– 21	67– 38	66½	52	141	31– 8	23.3	13.8	1.41
Giant Food/Feb	GFSA	a	26– 5	26– 16	23¼	37	127	25– 7	14.3	12.9	0.47
Gibraltar Financial/Dec	GFC	n	14– 1	4– 1	½	–86	13	NM– 2	NM	NM	NM
Gillette/Dec	GS	n	49– 11	49– 32	34⅜	–21	73	25– 8	14.1	12.3	0.93
PH Glatfelter/Dec	GLT	a	42– 9	42– 33	40	16	108	21– 4	11.8	10.8	1.69
GlenFed/Jun	GLN	n	34– 7	24– 19	19⅝	–13	80	8– 3	3.7	4.7	0.23
Golden West Finl/Dec	GDW	n	47– 7	37– 23	35½	35	125	8– 3	8.1	7.2	0.79
Goldome/Dec	GDM	n	7– 2*	4– 2	2⅛	–37	58	NM–NM*	NM	NA	0.04
BF Goodrich/Dec	GR	n	65– 25	61– 45	52¼	6	98	NM– 6	7.2	7.0	0.54

*Range is for less than period indicated. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit. Stock prices as of Mar. 23, 1989.

net profit margin	latest 12 months EPS	1988 EPS	Earnings estimated 1989 EPS	% change '89 vs '88 EPS	number of analysts	confidence factor on estimate	Dividends indicated rate	yield	payout ratio	5-year growth rate
6.3%	$2.70	$2.70	$3.11	15%	5	average	$1.20	4.7%	44%	–1%
8.6	3.34	3.34	3.66	10	10	very high	1.40	5.4	42	6
10.2	2.76	2.76	2.97	8	37	high	1.00	4.7	36	17
12.6	2.90	2.90	3.16	9	9	very high	1.16	4.4	40	11
12.1	4.34	4.34	4.66	7	34	high	1.52	3.8	35	12
13.9	4.87	4.87	3.53	–28	6	high	1.00	3.6	21	15
11.0	3.07	3.07	3.40	11	27	high	1.28	4.9	42	21
4.3	2.94	3.05E	2.93	–4	3	average	0.64	2.2	22	14
0.6	2.43	2.43	3.08	27	16	average	1.00	3.1	41	3
def	–7.83	–7.33	NA	NA	NA	NA	none	NA	NA	NA
4.7	1.31	1.31	1.63	24	5	average	0.52	2.2	40	8
9.0	3.52	3.52	3.66	4	25	high	2.56	7.6	73	5
1.3	0.87	0.71	1.13	59	15	low	0.16	0.7	18	NA
3.9	3.60	3.60	4.26	18	8	low	none	NA	NA	NA
2.9	0.35	0.35	0.45	29	13	high	0.10	0.9	29	98
5.7	10.96	10.96	10.39	–5	25	average	3.00	6.2	27	43
def	–0.43	0.05	1.70	NM	1	NM	0.30	1.5	NM	NA
12.0	2.28	2.28	2.45	7	5	very high	1.00	4.1	44	8
7.6	3.42	3.42	3.36	–2	25	high	2.20	7.6	64	4
15.9	4.13	4.13	4.48	8	3	average	1.50	4.4	36	NA
def	–6.50	–6.50	NA	NA	NA	NA	none	NA	NA	NA
9.9	4.29	4.29	2.51	–41	13	low	0.32	1.1	7	9
11.0	2.26	2.26	2.42	7	29	high	1.08	2.9	48	11
5.9	2.05	2.05	2.65	29	20	average	0.60	1.6	29	68
10.8	11.92	11.92	9.62	–19	22	average	1.80	1.4	15	17
3.5	2.09	2.09	1.96	–6	7	low	0.60	3.3	29	5
6.4	0.24	0.24	0.53	121	25	very low	none	NA	NA	NA
4.4	1.41	1.19	1.27	7	10	low	0.40	1.6	28	19
4.0	9.03	9.03	8.94	–1	30	average	1.00	1.9	11	0
8.6	3.75	3.75	4.19	12	27	very high	1.64	3.7	44	9
6.6	2.52	2.50E	2.88	15	10	average	0.50	1.8	20	–7
9.1	6.15	3.79E	4.35	15	24	very high	1.88	3.3	31	14
3.8	6.82	6.82	6.92	1	25	low	3.00	7.2	44	3
10.0	4.75	4.75	4.94	4	24	high	1.80	4.8	38	NA
17.5	5.04	5.04	5.98	19	30	high	1.36	2.1	27	14
1.4	0.91	0.91	4.24	366	13	average	1.80	3.7	198	2
6.2	2.35	2.35	2.63	12	26	high	1.20	3.3	51	10
18.3	6.75	6.75	8.16	21	12	average	1.00	2.4	15	NA
4.9	4.76	4.76	5.47	15	28	average	1.40	3.3	29	15
6.0	2.84	4.15E	4.79	15	19	average	1.60	2.4	56	4
3.3	1.63	1.63	1.80	10	13	average	0.40	1.7	25	17
def	–4.88	–4.88	–1.54	D-D	6	NM	none	NA	NA	NA
7.5	2.45	2.45	2.82	15	21	high	0.86	2.5	35	8
14.4	3.40	3.40	3.71	9	7	average	1.00	2.5	29	21
6.2	5.26	5.28	4.21	–20	18	average	1.20	6.1	23	123
9.8	4.41	4.41	4.91	11	19	average	0.28	0.8	6	26
def	–4.34	–4.34	NA	NA	NA	NA	none	NA	NA	NA
8.0	7.31	7.31	7.42	2	14	low	2.00	3.8	27	2

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus CD Investment; FORBES.

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Company/fiscal year end	Ticker symbol	exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance—latest 12 months price change	Stock performance—latest 12 months relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1989 est	Stock price ratios price/sales
Goodyear/Dec	GT	n	77– 23	68– 45	45¼	–28%	67%	43– 4	7.4	6.2	0.24
WR Grace/Dec	GRA	n	37– 18	33– 24	30⅞	20	111	NM– 10	12.5	11.8	0.45
WW Grainger/Dec	GWW	n	72– 24	68– 52	54	–11	83	23– 11	13.8	12.3	0.96
Gt Am First Savings/Dec	GTA	n	25– 5	14– 9	11¾	–10	84	10– 3	5.7	5.9	0.18
Great American Mgmt/Jul	GAMI	o	34– 11	34– 16	25	56	145	NM– 5	8.6	NA	0.15
Great A&P Tea/Feb	GAP	n	52– 13	52– 34	47⅞	33	123	19– 10	14.3	12.1	0.19
Great Lakes Bancorp/Dec	GLBC	o	28– 5	22– 17	20	8	100	6– 2	4.8	5.5	0.23
Great Lakes Chemical/Dec	GLK	n	77– 27	68– 50	64½	8	100	28– 9	10.9	10.2	2.02
Gt Northern Nekoosa/Dec	GNN	n	61– 16	47– 33	38⅞	–12	82	27– 6	6.3	5.6	0.59
Gt Western Financial/Dec	GWF	n	24– 7	18– 13	15⅝	9	101	12– 5	7.8	6.9	0.61
Greater NY Savings/Dec	GRTR	o	13– 5*	13– 6	11⅜	78	166	16– 3*	15.8	7.5	0.58
Greyhound/Dec	G	n	46– 19	37– 27	29½	–4	89	59– 9	12.2	11.1	0.34
Grumman/Dec	GQ	n	36– 17	26– 19	22	–4	89	44– 6	8.8	8.5	0.20
GTE/Dec	GTE	n	48– 24	48– 34	45¾	21	112	14– 6	12.8	11.1	0.91
Gulf & Western/Oct	GW	n	49– 13	49– 37	46⅛	15	107	26– 7	14.2	13.0	1.02
Gulf States Utils/Dec	GSU	n	17– 5	9– 5	8½	63	151	19– 3	17.5	8.0	0.62
Halliburton/Dec	HAL	n	44– 17	37– 25	30⅛	–6	87	NM– 9	37.2	21.5	0.66
MA Hanna/Dec	MAH	n	24– 11	24– 17	22⅜	27	118	NM– 5	6.5	9.2	0.48
Hanover Insurance/Dec	HINS	o	38– 10	30– 21	27⅛	11	103	65– 4	4.7	5.9	0.36
Harcourt Brace/Dec	HBJ	n	60– 4	13– 7	9½	17	108	NM– 6	NM	36.5	0.39
Harris Corp/Jun	HRS	n	43– 22	33– 25	27¼	–8	85	24– 10	16.0	10.2	0.51
Hawaiian Electric/Dec	HE	n	36– 16	34– 28	30⅛	–5	88	14– 6	10.4	10.2	0.85
HJ Heinz/Apr	HNZ	n	52– 16	50– 38	48⅜	9	101	22– 9	15.0	13.0	1.10
Henley Group/Dec	HENG	o	NA–NA	74– 63*	68½	NA	NA	NA–NA	NM	NA	1.43
Hercules/Dec	HPC	n	74– 27	53– 43	46⅛	–8	85	19– 7	18.1	10.7	0.75
Hershey Foods/Dec	HSY	n	38– 10	29– 22	25⅛	0	92	27– 9	10.8	13.1	1.07
Hewlett-Packard/Oct	HWP	n	74– 29	65– 44	51⅛	–13	79	31– 12	14.8	12.9	1.17
Hibernia/Dec	HIBCA	o	26– 11	24– 20	22¼	5	97	12– 6	8.8	8.0	0.88
Hillenbrand Inds/Nov	HB	n	36– 9	36– 26	27	–11	82	23– 9	14.5	12.7	1.14
Hills Dept Stores/Jan	HDS	n	13– 5*	11– 7	7¼	–19	75	23– 3*	18.9	8.8	0.09
Hilton Hotels/Dec	HLT	n	55– 23	55– 42	52½	16	108	22– 10	19.3	17.4	2.74
Himont/Dec	HMT	n	54– 23*	47– 33	38⅛	–9	84	18– 6*	6.6	6.8	1.41
Holiday/Dec	HIA	n	84– 12	32– 21	29	10	102	9– 2	6.2	19.9	0.48
Holly Farms/May	HFF	n	63– 15	63– 27	62⅜	105	190	22– 6	15.1	14.6	0.63
Home Depot/Jan	HD	n	36– 7	36– 23	33¾	41	131	55– 12	22.5	17.5	0.85
Home Group/Dec	HME	n	32– 11*	15– 11	14	8	100	NM– 3*	5.5	6.6	0.16
HomeFed/Dec	HFD	n	39– 12	33– 21	32⅛	32	123	10– 4	6.2	6.5	0.43
Homestake Mining/Dec	HM	n	24– 10	17– 12	14	–9	84	64– 18	21.5	20.3	3.95
Homestead Financial/Dec	HFL	n	13– 4	7– 4	3⅞	–46	50	NM– 2	NM	11.1	0.09
Honeywell/Dec	HON	n	91– 46	76– 57	65¾	0	93	NM– 7	NM	10.5	0.40
Geo A Hormel/Oct	HRL	a	29– 6	26– 18	21⅛	–17	77	27– 7	13.3	12.3	0.36
Household Intl/Dec	HI	n	65– 24	65– 52	64⅜	21	112	24– 6	9.5	9.9	0.86
Houston Industries/Dec	HOU	n	39– 18	33– 27	27⅛	–10	83	11– 5	7.6	8.0	0.89
Howard Savings Bank/Dec	HWRD	o	38– 6	25– 17	19	–17	77	21– 7	7.8	6.6	0.57
Hubbell/Dec	HUBB	a	40– 14	37– 31	34¾	4	97	19– 9	13.3	12.1	1.60
Humana/Aug	HUM	n	37– 16	29– 23	28⅝	11	103	59– 8	12.2	11.3	0.78
Huntington Bcshs/Dec	HBAN	o	25– 8	20– 17	19	0	93	16– 6	8.2	7.5	0.81
ICH/Dec	ICH	a	35– 4	8– 4	4⅞	–26	68	69– 5	25.7	6.6	0.08

*Range is for less than period indicated. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit.
Stock prices as of Mar. 23, 1989.

net profit margin	latest 12 months EPS	1988 EPS	Earnings estimated 1989 EPS	% change '89 vs '88 EPS	number of analysts	confidence factor on estimate	Dividends indicated rate	yield	payout ratio	5-year growth rate
3.2%	$6.11	$6.13	$7.26	19%	11	average	$1.80	4.0%	29%	3%
4.0	2.69	2.69	2.62	–3	14	average	1.40	4.5	52	0
7.1	3.92	3.92	4.39	12	15	high	0.88	1.6	22	9
3.1	2.08	2.08	2.01	–3	14	low	0.60	5.1	29	29
1.5	2.92	0.82	NA	NA	NA	NA	none	NA	NA	NA
1.3	3.34	3.34	3.97	NM	11	high	0.60	1.3	18	26
4.9	4.16	4.16	3.62	–13	3	low	0.80	4.0	19	90
18.7	5.93	5.93	6.33	7	15	low	0.76	1.2	13	19
9.5	6.21	6.21	6.99	13	23	average	1.12	2.9	18	4
7.8	1.95	1.95	2.20	13	18	average	0.76	5.0	39	25
3.7	0.72	0.72	1.52	111	4	low	0.48	4.2	67	NA
2.8	2.42	2.42	2.67	10	12	average	1.32	4.5	55	2
2.4	2.50	2.50	2.58	3	16	average	1.00	4.5	40	1
7.4	3.58	3.58	4.12	15	27	high	2.68	5.9	75	7
7.4	3.25	3.21	3.55	11	25	high	0.70	1.5	22	13
7.7	0.50	0.50	1.10	120	21	very low	none	NA	NA	NA
1.7	0.81	0.81	1.40	73	35	low	1.00	3.3	123	–17
8.2	3.48	3.48	2.48	–29	6	very low	0.40	1.8	11	4
7.6	3.82	3.82	4.61	21	9	low	0.36	1.3	6	9
det	–2.04	2.04	0.26	113	7	very low	none	NA	NA	NA
3.2	1.73	1.63	2.72	67	15	high	0.88	3.2	51	0
7.5	2.90	2.90	2.95	2	12	average	2.04	6.8	70	5
7.5	3.22	3.31E	3.73	13	22	very high	1.44	3.0	45	16
det	–2.55	–2.55	NA	NA	NA	NA	none	NA	NA	NA
4.3	2.55	2.55	4.31	69	23	average	2.24	4.9	88	8
9.9	2.37	2.37	1.95	–18	22	high	0.70	2.7	30	12
8.1	3.48	3.46	4.01	19	42	average	0.34	0.7	10	9
9.7	2.60	2.60	2.86	10	11	very high	1.08	4.7	42	14
7.9	1.86	1.86	2.12	14	11	average	0.50	1.9	27	13
0.6	0.41	0.41	0.88	115	7	average	none	NA	NA	NA
14.3	2.72	2.72	3.01	11	17	high	1.00	1.9	37	2
21.5	5.74	5.74	5.63	–2	17	low	1.30	4.2	28	NA
7.3	4.70	4.70	1.46	–69	9	very low	none	NA	NA	NA
3.8	4.12	4.27E	4.27	0	3	average	1.32	2.1	32	13
3.8	1.50	1.50	1.93	29	17	high	0.12	0.4	8	NA
2.9	2.56	2.56	2.11	–18	12	low	0.20	1.4	8	NA
7.0	3.22	3.22	4.98	5	17	average	0.20	0.6	4	39
18.3	0.65	0.65	0.69	6	21	very low	0.20	1.4	31	16
det	–0.78	–0.78	0.35	113	1	NM	0.35	6.4	NM	16
det	–10.22	–10.22	6.24	113	23	average	2.10	3.2	NM	3
2.7	1.61	1.57	1.74	11	8	average	0.44	2.1	27	6
9.4	6.80	6.80	6.50	–4	13	low	2.14	3.3	31	6
11.7	3.58	3.62E	3.38	–7	25	average	2.96	10.9	83	5
7.3	2.43	2.43	2.86	18	6	average	0.60	3.2	25	NA
11.6	2.61	2.61	2.88	10	12	high	1.12	3.2	43	14
6.5	2.34	2.30	2.54	10	25	very high	0.92	3.2	39	6
9.9	2.33	2.33	2.54	9	8	very high	0.74	3.9	32	10
1.5	0.19	0.19	0.74	289	5	low	none	NA	NA	NA

Sources: William O'Neil & Co., The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan; Lynch Jones & Ryan; Investment Forums.

The Forbes 500s on Wall Street

Company/fiscal year end	Ticker symbol	exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance latest 12 months price change	Stock performance latest 12 months relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1989 est	Stock price ratios price/sales
Illinois Power/Dec	IPC	n	32- 17	23- 17	17	20%	74%	13- 4	10.8	8.2	1.02
Illinois Tool Works/Dec	ITW	n	50- 11	44- 31	32	4	89	33- 9	12.8	11.2	0.93
IMC Fertilizer Group/Jun	IFL	n	50- 23*	50- 37	43	52	141	12- 7*	9.5	7.4	0.97
Imperial Corp of Am/Dec	ICA	n	19- 5	14- 7	7	36	60	NM- 2	9.8	3.0	0.09
Independence Bancorp/Dec	INBC	o	36- 14	26- 19	20	17	77	NM- 6	NM	9.9	0.94
Indiana National/Dec	INAT	o	36- 10	40- 25	39	4	96	20- 3	9.0	8.3	0.93
Ingersoll-Rand/Dec	IR	n	36- 14	45- 31	37	5	89	23- 10	12.3	10.7	0.63
Inland Steel Inds/Dec	IAD	n	39- 15	49- 40	49	24	115	22- 5	5.6	5.7	0.33
Integra Financial/Dec	ITGR	o	38- 11	37- 27	34	1	92	17- 7	9.3	8.5	0.95
Integrated Resources/Dec	IRE	n	40- 12	32- 12	14	42	63	NM- 4	6.0	4.7	0.07
Intel/Dec	INTC	o	32- 11	37- 19	24	16	78	NM- 8	9.6	11.3	1.52
Interco†/Feb	ISS	n	74- 3	74- 3	3	71	158	15- 1	0.9	0.6	0.04
Intergraph/Dec	INGR	o	41- 14	33- 14	15	45	51	31- 9	9.8	8.2	1.08
IBM/Dec	IBM	n	176- 99	131- 104	109	0	92	23- 10	11.8	10.0	1.08
Intl Flavors & Frags/Dec	IFF	n	58- 23	55- 44	50	2	94	23- 12	14.7	13.0	2.26
Intl Minerals & Chem/Jun	IGL	n	55- 25	50- 37	39	*	86	NA- 9	14.4	14.6	0.84
Intl Multifoods/Feb	IMC	n	40- 14	34- 26	27	10	83	25- 7	11.3	10.1	0.19
International Paper/Dec	IP	o	58- 27	52- 40	43	6	98	32- 6	6.9	6.1	0.53
Ipalco Enterprises/Dec	IPL	n	30- 15	24- 22	22	3	90	15- 6	8.3	8.6	1.36
Itel/Dec	ITEL	o	37- 3	24- 17	20	8	100	NM- 33	47.2	19.2	0.62
ITT/Dec	ITT	n	66- 21	56- 44	51	13	105	30- 6	9.0	8.1	0.35
James River Corp Va/Apr	JR	n	44- 16	31- 21	27	8	100	23- 7	10.4	8.6	0.40
Jefferson-Pilot/Dec	JP	n	43- 17	38- 29	32	10	93	17- 6	12.5	11.2	1.02
Jefferson Smurfit/Dec	JSC	o	39- 4	37- 25	28	2	94	29- 7	7.7	6.7	0.89
Johnson & Johnson/Dec	JNJ	n	105- 38	94- 69	87	6	98	39- 11	15.3	13.4	1.62
Johnson Controls/Sep	JCI	n	40- 19	39- 30	34	3	96	19- 8	12.2	11.2	0.39
K mart/Jan	KM	n	48- 18	40- 30	37	7	99	16- 7	9.4	9.0	0.27
Kansas City P&L/Dec	KLT	n	32- 14	32- 26	29	9	101	13- 5	9.1	9.0	1.22
Kansas Gas & Elec/Dec	KGE	n	26- 10	22- 18	19	4	96	20- 4	9.5	9.8	1.32
Kansas Power & Light/Dec	KAN	n	33- 15	25- 22	23	9	84	15- 5	9.7	9.2	0.64
Kellogg/Dec	K	n	69- 14	69- 51	59	12	104	23- 9	15.1	13.3	1.67
Kemper/Dec	KEMC	o	39- 10	32- 21	31	31	121	27- 6	8.2	9.0	0.58
Kentucky Utilities/Dec	KU	n	24- 10	20- 18	18	1	92	17- 6	9.5	9.2	1.25
Kerr-McGee/Dec	KMG	n	47- 24	43- 33	41	13	105	NM- 10	18.2	17.2	0.74
KeyCorp/Dec	KEY	n	31- 11	24- 20	23	5	97	16- 6	8.0	7.2	0.69
Kimberly-Clark/Dec	KMB	n	69- 20	69- 51	59	20	102	20- 9	12.7	11.1	0.89
Kinder-Care/Dec	KNDR	o	39- 7	12- 7	7	32	63	59- 8	9.9	7.7	0.46
Knight-Ridder/Dec	KRI	n	51- 22	39- 27	34	*	89	25- 11	16.2	14.6	1.14
Kroger†/Dec	KR	n	59- 7	59- 7	10	64	152	45- 2	42.7	14.0	0.05
Lafarge/Dec	LAF	n	20- 7	20- 15	17	7	87	NM- 6	8.0	8.0	0.60
Liberty National/Dec	LNBC	o	31- 11	28- 23	26	2	95	14- 7	9.7	9.3	0.99
Eli Lilly/Dec	LLY	n	54- 13	52- 36	50	17	108	36- 8	18.9	16.0	3.40
Limited/Jan	LTD	n	53- 5	32- 17	27	35	125	40- 12	20.3	14.9	1.22
LIN Broadcasting/Dec	LINB	o	96- 9	96- 51	86	62	130	62- 14	56.0	42.7	19.53
Lincoln National/Dec	LNC	n	53- 26	54- 42	48	6	98	15- 6	15.2	9.1	0.28
Litton Industries/Jul	LTN	n	108- 61	87- 68	74	8	89	50- 8	11.2	10.5	0.37
Liz Claiborne/Dec	LIZA	o	39- 4	20- 14	16	3	96	33- 9	13.3	11.7	1.24
Lockheed/Dec	LK	n	62- 29	53- 40	44	0	97	10- 4	4.3	6.8	0.25

*Range is for less than period indicated. †Prices as originally reported; adjusted for splits. Stock performance includes value of special distributions. NA: Not available or applicable. NM: Not meaningful. E: Estimate. 144: Delisted by Nasdaq. 11: Delisted by Amex. der: Delisted. Stock prices as of Mar. 28, 1989.

net profit margin	latest 12 months EPS	1988 EPS	Earnings estimated 1989 EPS	% change '89 vs '88 EPS	number of analysts	confidence factor on estimate	Dividends indicated rate	yield	payout ratio	5-year growth rate
12.1%	$1.66	$1.66	$2.18	31%	21	low	$2.64	14.8%	159%	2%
7.3	2.66	2.66	3.03	14	11	high	0.48	1.4	18	9
10.5	4.70	3.88	5.90	52	12	average	1.00	2.3	21	NA
0.9	0.74	0.74	2.41	226	9	low	none	NA	NA	NA
def	–1.04	–1.04	2.08	D-P	5	average	1.16	5.7	NM	7
10.2	3.21	3.21	3.48	8	7	very high	1.08	3.7	34	15
5.3	3.00	3.00	3.66	22	20	average	1.04	2.8	35	0
6.1	6.99	6.99	6.91	–1	18	low	1.40	3.6	20	NA
10.3	2.62	2.62	2.87	10	3	average	1.16	4.8	44	14
3.3	2.42	2.42	3.08	27	3	low	none	NA	NA	NA
15.8	2.51	2.51	2.13	–15	33	low	none	NA	NA	NA
4.1	2.95	3.85E	4.50	17	1	NM	none	NA	NA	NA
11.0	1.55	1.55	1.86	20	23	average	none	NA	NA	NA
9.2	9.27	9.27	10.99	19	43	very high	4.40	4.0	47	3
15.3	3.40	3.40	3.86	14	16	very high	1.92	3.8	56	11
7.9	2.72	3.11	2.68	–14	13	average	1.00	2.6	37	–26
1.9	2.46	2.45E	2.76	13	6	high	1.18	4.2	48	0
7.9	6.57	6.57	7.39	12	27	average	1.48	3.3	23	0
16.3	2.64	2.64	2.55	–3	20	high	1.72	7.8	65	3
1.5	0.44	0.44	1.08	145	7	very low	none	NA	NA	NA
4.2	5.70	5.70	6.34	11	17	high	1.48	2.9	26	–1
4.3	2.69	2.85E	3.24	14	20	average	0.48	1.7	18	17
8.3	2.59	2.59	2.88	11	20	average	1.28	4.0	49	10
11.5	3.72	3.72	4.31	16	10	average	0.84	2.9	23	32
10.8	5.72	5.72	6.56	15	33	very high	2.32	2.6	41	13
3.2	2.86	2.83	3.11	10	13	very high	1.16	3.3	41	6
2.9	4.00	4.00	4.20	5	34	high	1.32	3.5	33	12
14.3	3.20	3.20	3.23	1	18	average	2.44	8.4	76	1
14.7	2.10	2.10	2.04	–3	17	average	1.60	8.0	76	–12
6.8	2.25	2.25	2.37	5	17	average	1.76	8.1	78	5
11.0	3.90	3.90	4.43	14	31	high	1.72	2.9	44	18
7.1	3.81	3.81	3.46	–9	14	low	0.84	2.7	22	4
14.2	1.94	1.94	2.01	4	17	average	1.40	7.6	72	3
4.1	2.27	2.27	2.40	6	30	average	1.10	2.7	48	0
8.6	2.90	2.90	3.22	11	9	very high	1.20	5.2	41	16
7.0	4.71	4.71	5.36	14	24	high	2.60	4.4	55	11
4.6	0.80	0.80	1.03	29	5	average	0.08	1.0	10	0
7.5	2.76	2.76	3.07	11	23	average	1.22	2.7	44	17
0.2	0.24	0.24	0.73	204	8	very low	none	NA	NA	NA
7.1	1.96	1.96	1.96	0	11	low	0.40	2.5	20	8
10.0	2.76	2.76	2.87	4	2	NM	0.82	3.1	30	12
18.7	2.67	2.67	3.15	18	34	high	1.35	2.7	51	12
6.0	1.36	1.36	1.86	37	28	average	0.32	1.2	24	39
36.4	1.54	1.54	2.02	31	13	average	none	NA	NA	NA
2.0	3.21	3.21	5.35	67	23	average	2.48	5.1	77	11
3.5	6.66	6.33	7.14	13	18	very high	none	NA	NA	NA
9.3	1.26	1.26	1.43	13	18	average	0.18	1.1	14	35
5.9	10.37	10.37	6.59	–36	30	average	1.60	3.6	15	31

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus CD Investment, Forbes

The Forbes 500s on Wall Street

Company/fiscal year end	Ticker symbol	exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance latest 12 months price change	Stock performance latest 12 months relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1989 est	Stock price ratios price/sales
Loews/Dec	LTR	n	96– 24	88– 62	86⅛	22%	113%	15– 6	7.2	9.2	0.62
Lomas Financial/Jun	LFC	n	39– 10	22– 10	10⅛	–41	54	NM– 8	21.1	8.0	0.24
Lone Star Tech/Dec	LSST	o	24– 6*	20– 9	9½	–47	49	NM–NM*	NM	NM	0.28
Long Island Lighting/Dec	LIL	n	17– 4	17– 8	15	74	161	10– 1	7.4	6.9	0.78
Longs Drug Stores/Jan	LDG	n	41– 17	39– 34	35⅛	–2	91	23– 10	12.8	11.7	0.36
Longview Fibre/Oct	LFB	n	78– 20	78– 44	65	32	122	18– 5	7.2	7.2	1.04
Loral/Mar	LOR	n	49– 19	41– 31	35⅛	–5	88	21– 9	10.5	9.2	0.61
Louisiana Land/Dec	LLX	n	43– 22	35– 29	34	2	95	NM– 7	NM	34.0	1.49
Louisiana-Pacific/Dec	LPX	n	40– 16	38– 26	29¾	3	95	41– 7	8.4	9.1	0.62
Louisville G&E/Dec	LOU	n	44– 23	36– 31	33⅛	0	92	14– 6	9.0	9.7	1.03
Lowe's Cos/Jan	LOW	n	42– 15	26– 19	23¼	16	108	25– 9	12.7	12.1	0.34
LTV/Dec	LTV	n	18– 1	4– 2	2⅛	–32	63	NM–NM	NM	1.3	0.03
Lubrizol/Dec	LZ	n	42– 19	42– 33	36⅝	–8	86	23– 10	10.8	12.6	1.24
Mack Trucks/Dec	MACK	o	21– 9	16– 12	13⅝	–9	84	NM– 6	16.2	9.5	0.19
Manufacturers Hanover/Dec	MHC	n	58– 19	36– 24	34¾	23	114	NM– 2	2.4	4.8	0.22
Manufacturers Natl/Dec	MNTL	o	54– 15	48– 39	44⅞	7	100	NM– 4	7.0	6.4	0.73
Manville/Dec	MVL	n	91– 7	28– 7	7⅝	–62	35	NM– 1	9.7	8.0	0.18
Mapco/Dec	MDA	n	67– 21	66– 50	61⅞	18	109	25– 6	10.5	9.8	0.71
Marion Laboratories/Jun	MKC	n	42– 4	26– 15	24⅛	8	100	72– 14	20.8	17.8	4.42
Marriott/Dec	MHS	n	44– 12	35– 26	30	–5	88	30– 13	15.4	13.0	0.44
Marsh & McLennan Cos/Dec	MMC	n	77– 18	61– 48	59⅓	17	109	37– 11	14.5	13.7	1.86
Marshall & Ilsley/Dec	MRIS	o	39– 13	32– 27	29⅓	1	94	14– 6	8.5	8.0	0.92
Martin Marietta/Dec	ML	n	57– 20	48– 38	45⅛	–4	89	15– 6	7.5	7.9	0.42
Masco/Dec	MAS	n	41– 11	30– 24	25	–11	83	25– 10	11.9	10.4	1.40
Masco Industries/Dec	MASX	o	19– 2*	14– 9	9⅓	–18	76	NM– 4*	10.3	8.4	0.46
Maxicare Health/Dec	MAXIC	o	29– ⅛	3– ⅛	⅛	–81	18	NM– 12	NM	NM	NM
May Dept Stores/Jan	MA	n	51– 15	39– 29	37¼	2	95	20– 7	10.3	10.1	0.47
Maytag/Dec	MYG	n	32– 9	28– 19	20⅛	–24	70	21– 8	9.7	12.0	0.82
MBIA/Dec	MBI	n	25– 11*	25– 15	24⅛	53	142	12– 5*	9.9	9.0	6.00
MCA/Dec	MCA	n	65– 26	56– 38	51⅞	21	112	37– 16	23.0	21.5	1.25
McCaw Cellular Commun/Dec	MCAWA	o	40– 11*	40– 18	37½	69	156	NM–NM*	NM	NM	15.89
McDonald's/Dec	MCD	n	61– 18	54– 41	48⅜	10	102	22– 10	14.1	12.3	1.65
McDonnell Douglas/Dec	MD	n	93– 48	93– 59	90⅞	43	132	13– 6	10.0	10.1	0.23
McGraw-Hill/Dec	MHP	n	85– 35	76– 48	67	22	113	27– 13	17.5	16.5	1.79
MCI Communications/Dec	MCIC	o	28– 5	28– 11	26½	147	229	45– 12	20.9	12.7	1.25
McKesson/Mar	MCK	n	40– 16	36– 30	30⅞	–6	87	21– 9	13.4	12.6	0.18
MCorp/Dec	M	n	25– ⅛	4– ⅛	⅛	–86	13	NM– 5	NM	NM	NM
Mead/Dec	MEA	n	50– 14	50– 31	36½	–5	89	18– 6	6.8	9.4	0.52
Medtronic/Apr	MDT	n	109– 25	95– 69	82⅛	–9	85	20– 7	11.6	10.2	1.50
Mellon Bank/Dec	MEL	n	73– 23	33– 24	27⅞	–3	90	NM– 5	NM	6.4	0.25
Melville/Dec	MES	n	43– 15	43– 31	39⅓	21	112	18– 8	12.2	5.6	0.64
Mercantile Bancorp/Dec	MTRC	o	37– 16	31– 21	26	20	111	NM– 5	14.5	8.9	0.63
Mercantile Bkshs/Dec	MRBK	o	47– 16	42– 34	40	12	104	16– 7	9.6	8.7	1.42
Mercantile Stores/Jan	MST	n	53– 16	47– 35	44¼	5	98	21– 7	11.3	10.5	0.72
Merchants National/Dec	MCHN	o	41– 9	28– 22	26	8	100	38– 5	8.5	7.6	0.84
Merck/Dec	MRK	n	74– 13	67– 49	64	17	108	36– 12	21.0	16.9	4.27
Meridian Bancorp/Dec	MRDN	o	28– 9	22– 18	20⅝	10	102	13– 6	9.2	8.3	0.80
Meritor Financial/Dec	MTOR	o	13– 3	6– 3	3½	–40	56	NA– 3	NM	NM	0.08

*Range is for less than period indicated. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit.
Stock prices as of Mar. 23, 1989.

net profit margin	latest 12 months EPS	1988 EPS	Earnings estimated 1989 EPS	% change '89 vs '88 EPS	number of analysts	confidence factor on estimate	Dividends indicated rate	yield	payout ratio	5-year growth rate
8.6%	$11.94	$11.94	$9.38	–21%	11	average	$1.00	1.2%	8%	6%
1.9	0.48	–1.85	1.27	D-P	8	low	1.40	13.8	292	31
def	–1.24	–1.24	–0.13	D-D	8	NM	none	NA	NA	NA
14.0	2.02	2.02	2.17	7	22	average	none	NA	NA	NA
2.9	2.75	2.75	3.00	9	11	high	0.88	2.5	32	3
14.4	8.98	8.71	9.04	4	7	average	2.00	3.1	22	12
5.7	3.41	3.40E	3.89	14	22	high	0.72	2.0	21	11
def	–2.27	–2.27	1.00	D-P	26	very low	1.00	2.9	NM	0
7.5	3.54	3.54	3.26	–8	16	low	0.92	3.1	26	5
12.9	3.70	3.70	3.42	–8	12	high	2.72	8.2	74	5
2.7	1.83	1.83	1.92	5	18	average	0.48	2.1	26	3
def	–8.97	–8.97	1.90	D-P	5	very low	none	NA	NA	NA
11.7	3.40	3.40	2.90	–15	15	average	1.36	3.7	40	3
1.2	0.84	0.84	1.44	71	11	low	none	NA	NA	NA
9.4	14.25	14.25	7.22	–49	27	low	3.28	9.4	23	3
10.4	6.40	6.40	6.98	9	10	very high	1.84	4.1	29	17
4.7	0.79	0.79	0.95	20	1	NM	none	NA	NA	NA
6.7	5.88	5.88	6.30	7	11	average	1.00	1.6	17	0
21.9	1.17	0.96	1.37	43	21	average	0.36	1.5	31	57
3.1	1.95	1.95	2.31	18	20	very high	0.24	0.8	12	25
13.0	4.09	4.09	4.32	6	26	average	2.50	4.2	61	27
11.3	3.48	3.48	3.71	7	5	very high	0.96	3.3	28	3
5.6	6.02	6.02	5.74	–5	31	average	1.10	2.4	18	7
11.8	2.10	2.10	2.40	14	17	average	0.48	1.9	23	11
5.0	0.90	0.90	1.10	22	10	average	none	NA	NA	NA
def	–14.23	–5.80E	–0.95	D-D	6	NM	none	NA	NA	NA
4.5	3.63	3.63	3.70	2	30	high	1.42	3.8	39	11
8.4	2.07	2.07	1.68	–19	13	average	0.90	4.5	43	7
61.1	2.45	2.45	2.69	10	5	average	0.28	1.2	11	NA
5.5	2.26	2.26	2.41	7	21	average	0.68	1.3	30	4
def	–2.39	–2.39	–1.41	D-D	8	NM	none	NA	NA	NA
11.7	3.43	3.43	3.92	14	31	very high	0.56	1.2	16	9
2.3	9.13	9.13	9.01	–1	28	average	2.82	3.1	31	7
10.2	3.83	3.83	4.05	6	19	high	2.00	3.0	52	10
6.9	1.27	1.27	2.08	64	28	average	none	NA	NA	NA
1.4	2.30	2.21E	2.56	11	8	high	1.44	4.7	63	4
def	–14.24	–15.19E	–2.50	D-D	2	NM	none	NA	NA	NA
7.9	5.37	5.37	3.89	–28	21	low	0.76	2.1	14	7
13.0	7.12	6.99E	8.03	15	11	very high	1.20	1.5	17	11
def	–3.65	–3.65	4.35	D-P	23	average	1.40	5.0	NM	–17
5.2	3.26	3.26	3.53	8	18	average	1.30	3.3	40	12
4.3	1.79	1.79	2.91	63	9	average	1.40	5.4	78	3
14.8	4.16	4.16	4.60	11	4	very high	1.40	3.5	34	13
6.4	3.92	3.92	4.23	8	6	high	0.80	1.8	20	14
9.8	3.05	3.05	3.44	13	5	high	1.00	3.8	33	26
20.3	3.05	3.05	3.79	24	37	high	1.64	2.6	54	33
9.1	2.21	2.21	2.45	11	12	high	1.10	5.4	50	9
def	–5.98	–5.98	–0.62	D-D	5	NM	none	NA	NA	NA

Sources: William O'Neil & Co., The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus; CD Investment; Forbes.

The Forbes 500s on Wall Street

Company/fiscal year end	Ticker symbol	exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance —latest 12 months— price change	Stock performance —latest 12 months— relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1989 est	Stock price ratios price/sales
Merrill Lynch/Dec	MER	n	47– 20	32– 22	27⅛	15%	107%	35– 6	6.3	10.5	0.25
Metro Mobile CTS/Sep	MMZA	a	68– 12*	68– 29	64	95	181	NM–NM*	NM	NA	20.80
Fred Meyer/Jan	MEYR	o	18– 10*	18– 13	16⅞	30	120	15– 8*	11.3	10.1	0.18
Michigan National/Dec	MNCO	o	52– 11	52– 42	44¼	–2	91	14– 7	7.3	6.4	0.64
Microsoft/Jun	MSFT	o	79– 11*	71– 45	50¾	–11	82	49– 13*	18.6	16.0	3.78
Middle South Utils/Dec	MSU	n	17– 8	17– 9	16½	74	161	9– 3	8.2	7.5	0.95
Midlantic/Dec	MIDL	o	52– 21	45– 37	38⅛	–14	80	13– 5	6.5	6.1	0.78
Millipore/Dec	MIL	n	47– 13	41– 29	30⅝	–22	72	30– 12	15.5	13.4	1.38
Minn Mining & Mfg/Dec	MMM	n	84– 35	70– 57	67¼	12	104	22– 11	13.2	11.9	1.43
MNC Financial/Dec	MNC	n	51– 15	49– 39	45⅛	–3	90	12– 6	7.7	6.7	0.68
Mobil/Dec	MOB	n	55– 23	51– 42	49	9	101	24– 6	9.7	10.0	0.42
Molex/Jun	MOLX	o	57– 21	45– 31	31½	–28	67	35– 13	14.2	12.8	1.47
Monarch Capital/Dec	MON	n	91– 32	51– 39	39⅛	–9	84	19– 7	14.6	10.4	0.67
Monsanto/Dec	MTC	n	100– 41	95– 74	93¼	14	105	NM– 7	11.3	9.4	0.77
Moore Financial/Dec	MFGI	o	34– 16	34– 25	33½	24	115	NM– 5	10.2	8.9	0.76
JP Morgan & Co/Dec	JPM	n	54– 14	40– 31	37⅜	12	104	NM– 5	6.9	6.7	0.86
Morgan Stanley/Dec	MS	n	71– 26*	71– 39	61⅞	57	145	11– 4*	6.0	7.9	0.53
Morrison Knudsen/Dec	MRN	n	56– 27	44– 35	39¼	2	95	NM– 7	NM	13.3	0.23
Morton Thiokol/Jun	MTI	n	55– 22	45– 36	43½	1	94	18– 7	13.0	12.3	0.84
Motorola/Dec	MOT	n	74– 29	55– 36	39⅝	–10	83	73– 9	11.6	10.5	0.63
Multibank Financial/Dec	MLTF	o	33– 12	26– 21	23¼	2	95	17– 6	8.0	7.5	0.56
Murphy Oil/Dec	MUR	n	43– 20	38– 27	35	27	118	NM– 9	30.7	36.5	0.80
Nalco Chemical/Dec	NLC	n	46– 21	40– 31	36	–7	86	23– 11	13.3	12.0	1.40
Nash Finch/Dec	NAFC	o	28– 7	28– 22	22⅝	–1	92	17– 6	13.6	10.3	0.12
National City/Dec	NCC	n	38– 12	34– 28	31¼	5	97	18– 5	8.1	7.2	0.85
Natl Community Bks/Dec	NCBR	o	56– 11	43– 33	36¼	–12	82	18– 7	9.0	7.9	1.18
National Intergroup/Mar	NII	n	34– 10	21– 13	17¼	–13	81	NM–NM	NM	11.4	0.13
National Medical/May	NME	n	33– 16	28– 19	27½	23	114	22– 8	13.3	10.5	0.59
Natl Semiconductor/May	NSM	n	22– 8	15– 8	7⅝	–35	60	NM– 13	NM	19.1	0.31
National Service/Aug	NSI	n	29– 11	26– 20	23¼	7	99	19– 9	13.0	12.2	0.79
Navistar Intl/Oct	NAV	n	12– 3	7– 4	5⅞	–13	81	NM– 5	7.3	6.5	0.36
NBD Bancorp/Dec	NBD	n	41– 13	41– 34	38⅛	8	100	12– 5	8.0	7.6	0.84
NCNB/Dec	NCB	n	37– 12	37– 20	35½	74	162	13– 6	12.2	11.0	1.08
NCR/Dec	NCR	n	87– 21	70– 51	53¾	–7	86	21– 7	10.1	9.4	0.71
New England Electric/Dec	NES	n	35– 14	26– 20	22⅝	5	97	NM– 5	NM	8.4	0.86
NY State E&G/Dec	NGE	n	39– 15	25– 21	22¼	2	95	41– 4	7.9	8.0	0.94
New York Times/Dec	NYTA	a	50– 12	33– 24	26¼	–15	79	28– 11	12.6	12.1	1.22
Newmont Mining/Dec	NEM	n	102– 16	47– 32	37¾	9	101	NM– 5	14.3	23.5	5.08
Niagara Mohawk Power/Dec	NMK	n	26– 11	16– 12	12⅝	–7	87	NM– 4	10.0	10.2	0.59
Nicor/Dec	GAS	n	34– 19	33– 27	30⅝	9	101	NM– 7	8.8	8.6	0.60
NIKE/May	NIKE	o	35– 7	35– 22	33	33	123	61– 4	8.9	7.9	0.81
Nipsco Industries/Dec	NI	n	15– 8	15– 10	13¾	28	119	NM– 6	9.8	9.3	0.66
Nordstrom/Jan	NOBE	o	41– 7	34– 22	31¼	28	118	40– 12	20.7	17.8	1.09
Norfolk Southern/Dec	NSC	n	38– 16	36– 25	33½	15	107	42– 6	9.5	9.0	1.34
Northeast Bancorp/Dec	NBIC	o	80– 20	80– 45	68¾	48	137	18– 6	15.7	15.4	1.54
Northeast Savings FA/Mar	NSB	n	28– 6	17– 6	5⅓	–64	34	NM– 2	NM	12.8	0.04
Northeast Utilities/Dec	NU	n	28– 11	22– 18	19⅝	–1	92	17– 4	8.9	8.9	1.00
No States Power/Dec	NSP	n	40– 17	34– 29	30¼	–2	91	14– 6	9.9	9.5	0.96

*Range is for less than period indicated. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit.
Stock prices as of Mar. 25, 1989

net profit margin	latest 12 months EPS	1988 EPS	Earnings estimated 1989 EPS	% change '89 vs '88 EPS	number of analysts	confidence factor on estimate	Dividends indicated rate	yield	payout ratio	5-year growth rate
4.4%	$4.29	$4.29	$2.59	–40%	11	average	$1.00	3.7%	23%	7%
def	–1.67	–1.45	NA	NA	NA	NA	none	NA	NA	NA
1.8	1.50	1.50	1.68	12	9	very high	none	NA	NA	NA
9.0	6.07	6.07	6.92	14	9	average	2.00	4.5	33	90
21.1	2.70	2.22	3.15	42	32	average	none	NA	NA	NA
11.5	2.01	2.01	2.20	9	24	average	0.80	4.8	40	NA
12.1	5.85	5.85	6.30	8	21	very high	1.64	4.3	28	12
8.8	1.96	1.96	2.27	16	19	high	0.36	1.2	18	16
10.9	5.09	5.09	5.63	11	25	high	2.60	3.9	51	6
8.6	5.86	5.86	6.72	15	21	average	1.90	4.2	32	23
4.3	5.07	5.07	4.89	–4	43	average	2.40	4.9	47	1
10.2	2.22	2.34	2.46	5	9	average	0.03	0.1	1	6
5.3	2.68	2.68	3.76	40	10	low	none	NA	NA	NA
7.1	8.27	8.27	9.90	20	28	average	3.00	3.2	36	9
7.4	3.27	3.27	3.76	15	6	very high	1.20	3.6	37	4
12.8	5.38	5.38	5.53	3	33	average	1.66	4.5	31	11
9.6	10.26	10.26	7.85	–23	13	low	0.90	1.5	9	NA
def	–11.52	–11.52	2.98	D-P	9	low	1.48	3.7	NM	2
6.5	3.34	3.33	3.54	6	19	very high	0.92	2.1	28	7
5.4	3.43	3.43	3.79	10	31	average	0.76	1.9	22	1
7.0	2.90	2.90	3.11	7	6	high	0.64	2.8	22	14
2.6	1.14	1.14	0.96	–16	14	very low	1.00	2.9	88	0
10.7	2.70	2.70	2.99	11	16	high	1.32	3.7	49	2
0.9	1.67	1.67	2.20	32	3	average	0.65	2.9	39	4
10.5	3.84	3.84	4.34	13	24	high	1.68	5.4	44	18
13.1	4.05	4.05	4.60	14	2	NM	1.28	3.5	32	16
def	–2.92	0.30E	1.52	D-P	6	low	none	NA	NA	NA
4.4	2.07	2.34E	2.61	12	16	high	0.68	2.5	33	6
def	–0.86	0.56E	0.40	D-P	18	very low	none	NA	NA	NA
6.1	1.83	1.75	1.94	11	7	high	0.84	3.5	46	15
5.7	0.81	0.84	0.90	7	17	low	none	NA	NA	NA
10.4	4.81	4.81	5.04	5	22	high	1.48	3.9	31	13
8.9	2.90	2.90	3.22	11	34	high	1.00	2.8	34	12
7.3	5.33	5.33	5.72	7	28	high	1.32	2.5	25	12
def	–0.94	–0.94	2.69	D-P	24	average	2.04	9.0	NM	4
12.8	2.81	2.81	2.78	–1	18	average	2.00	9.0	71	–4
9.9	2.08	2.08	2.17	4	25	average	0.48	1.8	23	17
35.7	2.65	2.65	1.61	–39	16	very low	0.60	1.6	23	6
7.5	1.21	1.21	1.19	–2	21	very low	1.20	9.9	99	–15
7.0	3.48	3.48	3.57	3	12	average	2.00	6.5	57	–13
9.2	3.73	4.13E	4.17	1	7	average	0.60	1.8	16	2
6.8	1.41	1.41	1.48	5	24	average	0.84	6.1	60	NA
5.3	1.51	1.51	1.76	17	31	average	0.28	0.9	19	24
14.2	3.51	3.51	3.68	5	23	average	1.32	4.0	38	4
10.7	4.39	4.39	4.48	2	3	high	1.40	2.0	32	4
def	–6.40	1.53E	0.45	D-P	3	low	none	NA	NA	NA
11.3	2.15	2.15	2.16	0	22	average	1.76	9.2	82	4
10.7	3.11	3.11	3.24	4	26	high	2.12	6.9	68	10

Sources: William O'Neil & Co., The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan; and Lotus CD Investment Tables.

The Forbes 500s on Wall Street

Company/fiscal year end	Ticker symbol	exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance latest 12 months price change	Stock performance latest 12 months relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1989 est	Stock price ratios price/sales
Northern Trust/Dec	NTRS	o	51– 19	49– 40	48¾	14%	106%	NM– 6	7.4	8.6	0.73
Northrop/Dec	NOC	n	57– 24	36– 25	27	–11	83	58– 8	12.2	9.2	0.22
Norton/Dec	NRT	n	64– 31	64– 43	45¾	0	93	NM– 10	11.3	10.0	0.68
Norwest/Dec	NOB	n	37– 14	37– 27	36½	23	114	NM– 7	8.1	7.4	0.66
Nucor/Dec	NUE	n	52– 17	52– 37	47⅜	8	100	23– 9	9.2	16.2	0.95
NWA/Dec	NWA	n	76– 31	73– 38	60	40	130	28– 8	13.0	11.9	0.31
NWNL/Dec	NWNL	o	37– 18	35– 25	30⅛	17	108	18– 6	10.1	7.3	0.23
Nynex/Dec	NYN	n	78– 29	71– 61	69⅜	6	98	13– 7	10.5	10.0	1.08
Occidental Petroleum/Dec	OXY	n	40– 22	29– 25	26½	–4	89	61– 6	21.0	13.7	0.37
Ogden/Dec	OG	n	45– 12	32– 25	27	–10	83	NM– 10	18.8	13.0	1.13
Ohio Casualty/Dec	OCAS	o	49– 17	45– 32	39¼	13	105	23– 5	6.8	8.1	0.54
Ohio Edison/Dec	OEC	n	23– 9	21– 17	20	6	98	17– 4	16.4	8.7	1.42
Oklahoma G&E/Dec	OGE	n	39– 19	33– 29	32⅝	7	99	15– 7	10.2	10.2	1.26
Old Kent Financial/Dec	OKEN	o	27– 9	25– 22	22¾	–6	87	10– 5	7.7	7.5	0.78
Old Republic Intl/Dec	OLDR	o	35– 17	28– 21	24⅞	12	104	15– 4	11.4	6.3	0.41
Old Stone/Dec	OSTN	o	34– 16	24– 18	20½	4	96	46– 5	5.1	4.8	0.37
Olin/Dec	OLN	n	60– 26	60– 43	51⅜	–7	86	NM– 7	11.2	8.9	0.46
Oracle Systems/May	ORCL	o	26– *	26– 15	22⅛	42	131	29– 8*	26.0	13.4	3.47
Outboard Marine/Sep	OM	n	39– 16	36– 28	33⅜	7	99	51– 5	9.1	8.1	0.39
Owens-Corning/Dec	OCF	n	83– 9	30– 18	26⅛	29	120	NM– 1	5.6	5.4	0.37
Paccar/Dec	PCAR	o	49– 19	49– 33	47½	28	119	22– 6	9.7	8.9	0.52
Pacific Enterprises/Dec	PET	n	61– 31	50– 36	40¾	–15	78	43– 6	11.5	13.8	0.43
Pacific First Finl/Dec	PFFS	o	27– 7*	25– 12	24¼	69	156	NM– 2*	11.5	11.1	0.35
Pacific G&E/Dec	PCG	n	28– 12	19– 14	17½	12	104	NM– 5	NM	9.6	0.94
Pacific Telesis/Dec	PAC	n	36– 14	36– 27	34⅜	20	111	15– 7	12.2	11.4	1.52
PacifiCorp/Dec	PPW	n	39– 21	37– 33	34¾	3	96	12– 5	10.0	9.3	1.22
PaineWebber Group/Dec	PWJ	n	39– 13	20– 15	17⅝	5	98	62– 6	30.4	17.1	0.20
Pall/Jul	PLL	a	35– 15	33– 25	28⅛	–10	83	33– 15	17.9	16.3	2.36
Pan Am/Dec	PN	n	10– 2	5– 2	4¼	48	137	NM– 16	NM	NM	0.17
Panhandle Eastern/Dec	PEL	n	50– 18	27– 21	20⅞	–17	77	NM– 4	NM	12.9	0.94
Parker-Hannifin/Jun	PH	n	49– 17	38– 27	27⅜	–26	69	27– 9	12.2	11.2	0.56
Penn Central/Dec	PC	n	34– 19	25– 21	23	3	95	NM– 7	15.8	13.7	1.06
JC Penney/Jan	JCP	n	66– 22	56– 44	52⅓	10	102	18– 7	8.7	8.8	0.42
Pennsylvania P&L/Dec	PPL	n	43– 20	38– 34	34½	–1	92	15– 6	9.3	9.4	1.17
Pennwalt/Dec	PSM	n	131– 32	131– 53	130¼	135	218	NM– 8	9.1	17.4	1.01
Pennzoil/Dec	PZL	n	95– 31	85– 70	83	12	104	NM– 6	NM	19.8	1.44
People's Bank/Dec	PBCT	o	NA–NA	10– 8*	8⅛	NA	NA	10– 7	NA	7.9	0.46
Peoples Energy/Sep	PGL	n	27– 9	22– 16	21	24	115	15– 4	8.6	8.9	0.60
PepsiCo/Dec	PEP	n	44– 12	44– 33	43½	25	116	23– 9	15.0	13.7	0.88
Perkin-Elmer/Jul	PKN	n	41– 18	28– 21	21½	–17	77	NM– 11	12.9	12.4	0.77
Perpetual Financial/Oct	PFCP	o	20– 4	12– 7	8⅛	7	99	NM– 3	6.7	5.7	0.20
Pfizer/Dec	PFE	n	77– 29	60– 48	55⅞	2	95	19– 10	11.9	10.8	1.72
Phelps Dodge/Dec	PD	n	62– 13	62– 36	53¾	22	113	NM– 3	4.1	4.7	0.71
PHH Corp/Apr	PHH	n	45– 18	36– 29	33⅛	3	95	30– 8	23.3	10.3	0.33
Philadelphia Elec/Dec	PE	n	26– 9	21– 17	19½	3	95	11– 3	8.4	8.3	1.25
Philip Morris Cos/Dec	MO	n	125– 31	121– 81	114⅞	26	116	17– 7	13.0	10.0	1.03
Phillips Petroleum/Dec	P	n	24– 8	24– 15	22⅝	33	123	NM– 4	8.3	8.4	0.49
PHM Corp/Dec	PHM	n	24– 6	13– 6	12⅜	62	151	NM– 6	9.8	13.5	0.26

*Range is for less than period indicated. ‡Includes $10.4‴ gain from discounted operations. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit. Stock prices as of Mar. 23, 1989.

net profit margin	latest 12 months EPS	1988 EPS	Earnings estimated 1989 EPS	% change '89 vs '88 EPS	number of analysts	confidence factor on estimate	Dividends indicated rate	yield	payout ratio	5-year growth rate
10.9%	$6.61	$6.61	$5.64	–15%	9	average	$1.24	2.5%	19%	4%
1.8	2.22	2.22	2.95	33	23	low	1.20	4.4	54	7
6.0	4.06	4.06	4.57	13	10	average	2.00	4.4	49	0
8.5	4.52	4.52	4.94	9	23	average	1.48	4.1	33	2
10.3	5.16	5.16	2.92	–43	15	low	0.40	0.8	8	16
2.4	4.63	4.63	5.03	9	23	low	0.90	1.5	19	1
2.3	3.01	3.01	4.19	39	10	average	1.12	3.7	37	10
10.4	6.63	6.63	6.97	5	27	high	4.04	5.8	61	10
1.6	1.26	1.26	1.94	54	33	low	2.50	9.4	198	0
6.1	1.44	1.44	2.08	44	11	average	1.25	4.6	87	6
8.1	5.88	5.88	4.92	–16	22	low	2.08	5.2	35	9
10.2	1.22	1.22	2.30	89	26	average	1.96	9.8	161	2
12.6	3.20	3.20	3.20	0	23	average	2.38	7.3	74	7
10.6	2.95	2.95	3.02	2	8	very high	0.92	4.0	31	13
4.6	2.18	2.18	3.96	82	4	high	0.74	3.0	34	5
7.8	3.99	3.99	4.26	7	4	high	1.56	7.6	39	2
4.2	4.63	4.63	5.79	25	11	average	1.80	3.5	39	5
14.3	0.85	1.12E	1.65	47	11	high	none	NA	NA	NA
4.3	3.68	3.74	4.13	10	8	average	0.80	2.4	22	3
7.0	4.71	4.71	4.84	3	16	average	none	NA	NA	NA
5.4	4.90	4.90	5.36	9	10	average	2.50	5.3	51	17
3.7	3.51	3.51	2.93	–17	19	low	3.48	8.6	99	10
3.0	2.11	2.11	2.19	4	6	low	0.50	2.1	24	NA
0.8	–0.10	–0.10	1.83	D-P	27	average	1.40	8.0	NM	–3
12.5	2.81	2.81	3.02	7	27	high	1.88	5.5	67	15
12.7	3.46	3.46	3.72	8	29	average	2.64	7.6	76	12
1.7	0.58	0.58	1.03	78	10	very low	0.52	2.9	90	3
12.9	1.57	1.55	1.73	12	17	high	0.48	1.7	31	15
def	–0.51	–0.51	–0.14	D-D	14	NM	none	NA	NA	NA
def	–3.13	–3.13	1.62	D-P	20	very low	2.00	9.6	NM	–4
4.5	2.24	2.20	2.45	11	15	high	0.84	3.1	37	4
6.7	1.46	1.46	1.68	15	9	low	0.40	1.7	27	NA
5.3	6.02	6.02	5.92	–2	31	average	2.00	3.8	33	12
15.0	3.73	3.73	3.66	–2	21	average	2.86	8.3	77	3
17.5	14.34‡	14.34‡	7.48	–48	6	average	2.40	1.8	17	4
def	–5.22	–5.22	4.19	D-P	29	low	3.00	3.6	NM	3
6.3	NA	NA	1.05	NM	1	NM	0.64	7.8	NA	NA
7.3	2.45	2.31	2.35	2	12	average	1.60	7.6	65	9
5.9	2.90	2.90	3.18	10	29	high	0.84	1.9	29	9
6.1	1.67	1.61	1.74	8	17	average	0.68	3.2	41	4
3.6	1.22	1.87	1.44	–23	5	average	none	NA	NA	NA
14.7	4.70	4.70	5.16	10	39	high	2.20	3.9	47	11
18.1	13.15	13.15	11.40	–13	23	very low	2.40	4.5	18	NA
1.4	1.42	2.87E	3.21	12	4	very high	1.12	3.4	79	4
17.5	2.33	2.33	2.34	0	26	high	2.20	11.3	94	0
8.0	8.86	8.86	11.51	30	33	very high	4.50	3.9	51	25
5.8	2.72	2.72	2.71	0	41	low	0.88	3.9	32	–9
2.8	1.26	1.26	0.92	–27	7	very low	0.12	1.0	10	0

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus CD Investment Forms.

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Company/fiscal year end	Ticker symbol	exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance latest 12 months price change	Stock performance latest 12 months relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1989 est	Stock price ratios price/sales
Pinnacle West/Dec	PNW	n	33– 14	28– 14	13⅞	–50%	47%	NM– 4	NM	5.7	0.56
Pioneer Hi-Bred Intl/Aug	PHYB	o	44– 23	39– 30	35¼	4	97	31– 9	13.9	14.6	1.30
Pitney Bowes/Dec	PBI	n	50– 14	48– 40	41⅜	–5	88	22– 8	13.4	11.8	1.22
Pittston/Dec	PCO	n	19– 9	19– 11	18	50	139	NM– 14	19.0	12.9	0.43
PNC Financial/Dec	PNC	n	51– 18	47– 38	41	1	94	16– 6	8.1	7.3	0.93
Polaroid/Dec	PRD	n	44– 12	44– 29	40½	29	119	NM– 8	NM	18.0	1.56
Portland General/Dec	PGN	n	37– 13	24– 20	21⅝	1	92	19– 4	10.3	10.5	1.32
Potlatch/Dec	PCH	n	42– 13	35– 27	31⅝	2	95	20– 7	7.9	6.8	0.79
Potomac Electric/Dec	POM	n	30– 10	23– 19	19⅛	11	83	15– 6	9.2	9.2	1.37
PPG Industries/Dec	PPG	n	54– 12	47– 36	43⅛	10	102	19– 6	10.1	9.0	0.84
Premark Intl/Dec	PMI	n	36– 19*	36– 28	32⅝	9	101	NM– 8*	9.3	9.9	0.46
Premier Bancorp/Dec	PRBC	o	19– 4	5– 4	5	0	93	NM– 9	NM	35.7	0.31
Premier Industrial/May	PRE	n	33– 11	33– 25	27	–8	85	26– 14	16.5	13.9	1.82
Price Co/Aug	PCLB	o	56– 13	42– 34	35⅛	–5	88	46– 14	16.2	15.1	0.38
Prime Computer/Dec	PRM	n	31– 12	21– 12	17⅜	3	96	69– 9	63.9	12.2	0.53
Prime Motor Inns/Jun	PDQ	n	46– 9	41– 26	25⅛	33	62	37– 11	11.4	10.6	2.94
Primerica/Dec	PA	n	35– 17*	29– 21	21⅛	22	72	28– 6*	5.9	7.3	2.04
Procter & Gamble/Jun	PG	n	104– 46	93– 71	91⅛	15	106	22– 9	13.8	13.4	0.76
Progressive/Dec	PGR	n	39– 9	32– 22	29½	7	100	22– 6	7.6	8.5	0.65
Provident Life & Acc/Dec	PACCB	o	26– 11	24– 15	21⅝	44	124	33– 5	11.2	9.5	0.36
PSI Holdings/Dec	PIN	n	19– 7	14– 11	13⅜	2	95	11– 2	7.1	5.6	0.68
Public Service Colo/Dec	PSR	n	24– 16	23– 20	20⅝	–6	87	16– 7	9.4	7.9	0.63
Public Service NH/Dec	PNH	n	11– 2	7– 3	4⅜	18	109	NM– 1	3.6	3.1	0.25
Pub Svc Enterprise/Dec	PEG	n	32– 14	25– 22	24	4	96	18– 5	9.3	9.3	1.12
Puget Sound Bancorp/Dec	PSNB	o	29– 10	23– 18	22¼	22	113	21– 6	9.1	8.6	0.94
Puget Sound P&L/Dec	PSD	n	25– 9	20– 18	18⅞	3	90	13– 5	8.7	8.9	1.30
Quaker Oats/Jun	OAT	n	62– 14	62– 42	50	7	99	24– 8	15.3	13.4	0.71
Quantum Chemical†/Dec	CUE	n	108– 23	60– 38	51⅞	15	106	24– 3	3.6	3.4	0.40
Ralston Purina/Sep	RAL	n	94– 25	88– 68	79½	10	102	22– 9	11.8	12.8	0.89
Raychem/Jun	RYC	n	55– 16	54– 30	35⅛	–30	65	31– 11	11.9	19.2	1.13
Raytheon/Dec	RTN	n	85– 35	74– 61	66	–4	89	17– 9	9.0	8.2	0.53
Reebok International/Dec	RBK	n	25– 3*	17– 10	14⅛	–7	86	20– 5*	11.9	10.3	0.90
Reliance Group/Dec	REL	n	12– 4*	8– 4	5⅛	–22	72	18– 3*	16.4	8.0	0.10
Republic New York/Dec	RNB	n	58– 21	48– 40	44½	5	97	NM– 6	8.9	8.0	0.64
Rexene/Dec	RXN	n	NA–NA	25– 15*	18⅜	NA	NA	NA–NA	NA	3.9	0.78
Reynolds Metals/Dec	RLM	n	63– 13	63– 40	51½	18	110	NM– 5	5.7	5.7	0.50
Riggs National/Dec	RIGS	o	42– 14	26– 20	25	18	109	NM– 6	9.8	8.9	0.61
Rite Aid/Feb	RAD	n	46– 18	41– 29	32⅞	11	83	23– 11	14.2	11.9	0.50
Roadway Services/Dec	ROAD	o	46– 23	35– 27	30⅜	–10	83	33– 9	15.1	11.7	0.54
Rochester Community/Nov	RCSB	o	19– 8*	19– 11	17	38	128	19– 7*	13.2	12.2	0.64
Rockwell Intl/Sep	ROK	n	31– 12	24– 18	21⅜	5	97	13– 6	7.2	8.6	0.45
Rohm & Haas/Dec	ROH	n	53– 16	38– 30	32⅞	0	93	21– 7	9.5	8.5	0.86
Rorer Group/Dec	ROR	n	48– 16	48– 28	38⅜	10	102	NM– 12	19.8	16.6	1.18
Rose's Stores/Jan	RSTO	o	23– 7	12– 7	8⅝	–21	73	20– 6	11.0	10.3	0.12
Rouse/Dec	ROUS	o	29– 10	29– 20	26¼	24	115	NM– 48	72.3	36.2	2.77
Rubbermaid/Dec	RBD	n	35– 8	29– 21	29	17	109	33– 13	21.5	18.6	1.79
Ryder System/Dec	R	n	43– 13	33– 23	24½	22	73	21– 7	15.4	9.4	0.39
Safeco/Dec	SAFC	o	38– 14	29– 23	27½	16	107	16– 6	6.8	8.3	0.61

*Range is for less than period indicated. †Prices are as originally reported, adjusted for splits. Stock performance includes value of special distributions.
NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit. Stock prices as of Mar. 25, 1989.

net profit margin	latest 12 months EPS	1988 EPS	Earnings estimated 1989 EPS	% change '89 vs '88 EPS	number of analysts	confidence factor on estimate	Dividends indicated rate	yield	payout ratio	5-year growth rate
0.2%	$0.05	$0.05	$2.42	NM	17	low	$1.60	11.5%	NM	1%
9.3	2.53	1.94	2.42	25%	10	average	1.04	3.0	41%	9
9.2	3.08	3.08	3.51	14	17	average	1.04	2.5	34	11
2.3	0.95	0.95	1.40	47	11	low	none	NA	NA	NA
11.6	5.09	5.09	5.60	10	31	high	1.88	4.6	37	16
def	–0.34	–0.34	2.25	D-P	20	low	0.60	1.5	NM	5
12.8	2.11	2.11	2.07	–2	17	average	1.96	9.0	93	2
10.4	4.04	4.04	4.65	15	13	average	1.04	3.3	26	6
15.6	2.14	2.14	2.13	0	23	average	1.46	7.4	68	4
8.3	4.26	4.26	4.80	13	19	average	1.36	3.2	32	16
5.1	3.50	3.50	3.31	–5	12	high	0.60	1.8	17	NA
def	–2.02	–2.02	0.14	D-P	3	very low	none	NA	NA	NA
11.8	1.68	1.70E	1.94	14	6	high	0.48	1.8	29	15
2.4	2.17	1.93	2.34	21	21	average	none	NA	NA	NA
0.8	0.27	0.27	1.42	426	30	low	none	NA	NA	NA
25.9	2.24	2.05	2.41	18	9	high	0.08	0.3	4	11
16.1	3.61	3.61	2.94	–19	14	low	0.28	1.3	8	4
5.5	6.63	5.96	6.82	14	21	very high	3.20	3.5	48	5
8.8	3.86	3.86	3.47	–10	15	average	0.44	1.5	11	86
3.2	1.95	1.95	2.31	18	14	low	0.68	3.1	35	6
11.2	1.84	1.84	2.36	28	18	average	0.80	6.1	43	0
7.4	2.14	2.14	2.54	19	24	average	2.00	9.9	93	3
9.2	1.14	1.14	1.35	18	1	NM	none	NA	NA	NA
12.0	2.57	2.57	2.59	1	29	average	2.04	8.5	79	3
10.2	2.50	2.50	2.64	6	7	average	0.88	3.9	35	12
16.2	2.14	2.14	2.10	–2	14	high	1.76	9.4	82	0
4.6	3.26	3.20	3.72	16	31	high	1.20	2.4	37	17
13.1	14.57	14.57	15.48	6	20	low	3.00	5.8	21	5
7.6	6.71	5.63	6.20	10	28	high	1.65	2.1	25	13
9.3	3.00	3.69	1.86	–50	9	very low	0.32	0.9	11	15
6.0	7.35	7.35	8.01	9	33	very high	2.00	3.0	27	11
7.7	1.20	1.20	1.38	15	12	average	0.30	2.1	25	NA
0.6	0.32	0.32	0.66	106	4	low	0.32	6.1	100	NA
8.1	5.01	5.01	5.58	11	9	average	1.28	2.9	26	3
18.0	NA	NA	4.71	NM	4	low	0.60	3.3	NA	NA
8.7	9.01	9.01	9.06	1	25	low	1.60	3.1	18	16
6.6	2.54	2.54	2.81	11	5	high	1.25	5.0	49	7
3.5	2.31	2.41E	2.77	15	16	high	0.82	2.5	35	17
3.7	2.00	2.00	2.58	29	22	average	1.10	3.6	55	5
4.8	1.34	1.34	1.44	7	4	average	0.44	2.5	33	NA
6.4	2.95	3.04	2.47	–19	28	average	0.72	3.4	24	10
9.1	3.46	3.46	3.85	11	22	average	1.12	3.4	32	13
5.9	1.96	1.96	2.33	19	13	average	0.80	2.1	41	2
1.1	0.81	0.81	0.86	6	5	low	0.21	2.4	26	3
4.3	0.37	0.37	0.74	100	2	NM	0.56	2.1	151	13
8.3	1.35	1.35	1.56	16	15	very high	0.44	1.5	33	19
2.7	1.61	1.61	2.63	63	24	average	0.60	2.4	37	12
9.4	4.10	4.10	3.34	–19	28	average	1.08	3.9	26	11

Sources: William O'Neil & Co. The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus CD Investment. Forbes

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Company/fiscal year end	Ticker symbol	exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance latest 12 months price change	Stock performance latest 12 months relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1989 est	Stock price ratios price/sales
St Paul Cos/Dec	STPL	o	60– 19	49– 38	48½	7%	99%	NM– 5	6.6	7.6	0.62
St Paul Bancorp/Dec	SPBC	o	14– 9*	14– 10	13⅜	20	112	8– 5*	7.0	6.8	0.55
Salomon/Dec	SB	n	59– 17	29– 20	24¼	14	106	52– 6	14.7	8.1	0.50
San Diego G&E/Dec	SDO	n	43– 18	40– 31	37	18	110	18– 6	11.6	11.4	1.00
Santa Fe Southern/Dec	SFX	n	65– 14	25– 14	21⅜	25	116	NM– 8	NM	23.4	1.06
Sara Lee/Jun	SLE	n	52– 13	52– 35	47⅝	17	109	22– 8	14.6	14.2	0.55
Scana/Dec	SCG	n	43– 18	34– 30	30⅛	–3	90	15– 6	10.0	9.7	1.12
SCEcorp/Dec	SCE	n	39– 17	35– 30	31⅝	3	95	18– 5	9.1	8.9	1.11
Schering-Plough/Dec	SGP	n	65– 17	65– 45	62¼	19	111	23– 9	17.9	14.9	2.36
Scott Paper/Dec	SPP	n	44– 13	43– 34	41⅝	9	101	16– 7	7.9	9.3	0.64
EW Scripps/Dec	EWSCA	o	NA–NA	20– 15*	18⅞	NA	NA	NA–NA	20.3	18.0	1.22
Seamen's/Dec	SMN	a	9– 1*	6– 1	1⅝	–74	24	7– 1*	1.4	1.7	0.04
Sears, Roebuck/Dec	S	n	60– 26	46– 33	42⅜	14	106	18– 6	17.7	9.4	0.31
Security Capital/Sep	SCC	a	16– ⅛	4– ⅛	⅛	–75	23	NM– 6	NM	NA	NM
Security Pacific/Dec	SPC	n	44– 19	42– 28	39½	34	124	NM– 5	7.1	6.2	0.52
Segua/Dec	SQAA	n	88– 24*	69– 57	59⅝	10	83	21– 9*	9.9	7.8	0.36
Service Merchandise/Dec	SME	n	14– 2	14– 5	13⅜	174	254	NM– 4	8.9	7.4	0.22
SFFed Corp/Dec	SFFD	o	21– 10*	16– 11	14½	–1	92	13– 3*	8.6	6.2	0.27
Shawmut National/Dec	SNC	n	31– 13	28– 21	25⅛	6	99	14– 6	7.7	6.8	0.67
Sherwin-Williams/Dec	SHW	n	39– 12	32– 24	26⅝	–6	87	22– 9	11.7	10.6	0.59
Sigma-Aldrich/Dec	SIAL	o	51– 14	51– 43	45¼	–2	91	34– 16	19.8	16.9	2.97
Signet Banking/Dec	SBK	n	39– 16	34– 23	30⅝	2	94	43– 5	5.4	7.0	0.66
SmithKline Beckman/Dec	SKB	n	73– 25	60– 41	53¾	–3	90	33– 8	28.9	12.8	1.39
Snap-on Tools/Dec	SNA	n	47– 14	45– 33	35⅝	–6	87	24– 10	13.2	11.7	1.72
Society/Dec	SOCI	o	40– 14	38– 31	34⅛	3	95	11– 6	8.2	7.5	0.78
Society for Savings/Dec	SOCS	o	24– 4	21– 15	19¼	21	112	26– 5	7.1	6.3	0.55
Sonat/Dec	SNT	n	43– 21	33– 26	30⅛	10	102	NM– 5	14.5	14.4	0.88
Sonoco Products/Dec	SONO	o	39– 9	39– 26	35⅛	30	121	22– 10	16.0	14.0	0.97
South Carolina Natl/Dec	SCNC	o	28– 10	24– 20	21⅛	4	96	16– 6	8.4	7.6	0.83
Southeast Banking/Dec	STB	n	31– 15	26– 20	23⅝	–6	87	28– 7	10.0	6.2	0.51
Southern Company/Dec	SO	n	29– 14	25– 20	23¼	4	96	13– 5	8.6	8.7	1.01
So N England Telecom/Dec	SNG	n	68– 28	68– 47	62¼	24	115	15– 7	12.5	11.4	1.23
Southmark/Jun	SM	n	14– 1	4– 1	1⅜	–46	50	NM– 3	NM	NM	0.02
SouthTrust/Dec	SOTR	o	25– 9	23– 20	21¾	4	97	12– 6	8.3	7.5	0.90
Southwest Gas/Dec	SWX	n	27– 11	23– 17	17⅝	–16	78	14– 6	8.2	7.7	0.41
Southwestern Bell/Dec	SBC	n	46– 18	46– 34	44⅛	20	111	13– 6	12.5	11.7	1.57
Southwestern Pub Svc/Aug	SPS	n	38– 17	28– 24	26⅝	5	97	16– 7	11.0	10.3	1.35
Sovran Financial/Dec	SOV	n	45– 17	36– 30	33⅝	0	93	15– 6	8.2	7.5	0.88
Spiegel/Dec	SPGLA	o	16– 6*	12– 8	11⅛	9	101	16– 6*	10.1	9.7	0.44
Springs Industries/Dec	SMI	n	42– 15	42– 27	40⅝	15	107	31– 7	13.6	10.9	0.39
Square D/Dec	SQD	n	66– 31	56– 45	52⅝	–1	92	17– 9	11.9	10.8	0.82
Squibb/Dec	SQB	n	103– 18	71– 56	65¾	–1	92	41– 11	15.3	12.8	2.47
Standard Fedl Bank/Dec	SFB	n	11– 5*	10– 8	9⅛	12	104	5– 2*	4.8	5.0	0.33
Stanley Works/Dec	SWK	n	37– 13	34– 24	30⅞	7	100	18– 8	12.9	11.8	0.69
State Street Boston/Dec	STBK	o	36– 8	30– 19	27⅛	12	104	18– 6	10.8	10.1	1.06
Sterling Chemicals/Sep	STX	n	NA NA	19– 14*	15⅞	NA	NA	NA–NA	4.2	5.1	1.31
Stone Container/Dec	STO	n	40– 8	40– 26	29⅞	0	92	NM– 5	5.2	4.9	0.47
Student Loan/Dec	SLM	n	96– 22	96– 72	92½	18	110	24– 11	17.3	14.2	1.46

*Range is for less than period indicated. NA Not available or applicable. NM Not meaningful. E Estimate. D-D Deficit to deficit. D-P Deficit to profit. def Deficit. Stock prices as of Mar. 25, 1989.

net profit margin	latest 12 months EPS	1988 EPS	Earnings estimated 1989 EPS	% change '89 vs '88 EPS	number of analysts	confidence factor on estimate	Dividends indicated rate	yield	payout ratio	5-year growth rate
9.7%	$7.32	$7.32	$6.38	–13%	25	average	$2.20	4.5%	30%	9%
7.8	1.90	1.90	1.98	4	11	average	0.30	2.2	16	NA
4.6	1.65	1.65	2.99	81	16	average	0.64	2.6	39	5
9.1	3.18	3.18	3.24	2	21	very high	2.70	7.3	85	6
def	–0.30	–0.30	0.91	D-P	14	very low	0.10	0.5	NM	NA
3.4	3.25	2.83	3.34	18	30	high	1.44	3.0	44	18
11.1	3.00	3.00	3.11	4	19	high	2.46	8.2	82	4
12.2	3.49	3.49	3.57	2	28	high	2.48	7.8	71	7
13.1	3.48	3.48	4.17	20	35	very high	1.60	2.6	46	14
8.5	5.23	5.23	4.43	–15	28	average	0.80	1.9	15	3
5.8	0.93	0.93	1.05	13	3	NA	0.30	1.6	32	0
3.7	1.00	1.00	0.81	–19	3	very low	none	NA	NA	NA
1.8	2.40	2.40	4.49	87	29	average	2.00	4.7	83	3
def	–22.35	–21.82	NA	NA	NA	NA	none	NA	NA	NA
7.5	5.59	5.59	6.36	14	32	high	1.96	5.0	35	16
4.0	6.04	6.04	7.67	27	3	average	0.60	1.6	10	NA
2.5	1.51	1.51	1.80	19	11	low	0.06	0.4	4	0
3.2	1.64	1.64	2.29	40	8	low	none	NA	NA	NA
8.6	3.28	3.28	3.72	13	18	high	1.36	5.4	41	14
5.2	2.30	2.30	2.54	10	11	average	0.70	2.6	30	13
15.0	2.29	2.29	2.68	17	12	very high	0.36	0.8	16	19
12.3	5.71	5.71	4.40	–23	18	high	1.40	4.5	25	16
4.8	1.84	1.84	4.17	127	35	average	1.84	3.5	100	7
13.3	2.72	2.72	3.08	13	14	average	1.00	2.8	37	15
10.3	4.19	4.19	4.56	9	12	very high	1.60	4.7	38	12
7.8	2.80	2.80	3.14	12	4	average	0.60	3.0	21	NA
6.1	2.09	2.09	2.10	0	21	low	2.00	6.6	96	3
6.0	2.20	2.20	2.52	15	10	high	0.72	2.0	33	18
9.9	2.51	2.51	2.79	11	6	very high	0.64	3.0	25	12
5.4	2.35	2.35	3.77	60	20	average	1.12	4.8	48	8
11.7	2.72	2.72	2.68	–1	27	average	2.14	9.2	79	4
9.8	4.99	4.99	5.45	9	13	average	3.12	5.0	63	3
def	–7.20	–4.03	–0.19	D-D	2	NM	none	NA	NA	NA
10.8	2.57	2.57	2.85	11	9	high	0.92	4.3	36	14
5.1	2.13	2.13	2.27	7	7	average	1.34	7.7	63	3
12.5	3.53	3.53	3.76	7	28	high	2.48	5.6	70	10
13.3	2.38	2.50	2.54	2	17	average	2.20	8.4	92	5
10.9	4.09	4.09	4.48	10	32	high	1.52	4.6	37	8
4.1	1.18	1.18	1.23	4	2	NM	0.38	3.2	32	NA
2.9	2.98	2.98	3.70	24	11	average	1.20	3.0	40	7
7.2	4.44	4.44	4.87	10	17	high	2.00	3.8	45	2
16.5	4.30	4.30	5.15	20	34	very high	2.00	3.0	47	19
6.7	1.91	1.91	1.86	–3	11	low	0.40	4.3	21	NA
5.4	2.40	2.40	2.62	9	17	high	0.96	3.1	40	11
10.3	2.51	2.51	2.70	8	17	high	0.56	2.1	22	23
31.3	3.78	3.56	3.10	–13	2	NM	1.00	6.3	26	NA
9.1	5.69	5.69	6.08	7	17	average	0.72	2.4	13	18
9.9	5.34	5.34	6.50	22	15	high	0.80	0.9	15	50

Sources: William O'Neil & Co., The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus CD Investment; Forbes.

The Forbes 500s on Wall Street

Company/fiscal year end	Ticker symbol	exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance latest 12 months price change	Stock performance latest 12 months relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1989 est	Stock price ratios price/sales
Subaru of America/Oct	SBRU	o	39– 5	8– 5	6⅞	0%	93%	NM– 7	NM	NM	0.21
Sumitomo Bank Calif/Dec	SUMI	o~	29– 11	26– 21	20½	–15	79	13– 6	5.9	NA	0.43
Summit Bancorp/Dec	SUBN	o	30– 7	23– 18	20¾	–6	87	18– 6	11.0	9.9	1.25
Sun Company†/Dec	SUN	n	73– 28	38– 28	34⅝	14	106	NM– 4	NM	11.7	0.43
Sun Exploration/Dec	XP	n	NA–NA	33– 23*	30⅛	NA	NA	NA–NA	NM	64.3	3.03
Sun Microsystems/Jun	SUNW	o	24– 6*	21– 13	16⅝	–7	86	45– 11*	14.3	12.1	0.86
Sundstrand/Dec	SNS	n	65– 34	58– 47	54⅛	1	94	NM– 10	NM	10.7	0.68
SunTrust Banks/Dec	STI	n	28– 16*	25– 20	21⅛	–7	87	15– 8*	8.9	8.0	0.94
Sunwest Financial/Dec	SFSI	o	39– 14	31– 24	30½	4	97	14– 7	13.7	10.2	1.00
Super Food Services/Aug	SFS	a	29– 8	27– 23	27	13	104	19– 7	12.8	11.7	0.12
Super Valu Stores/Feb	SVU	n	30– 12	26– 19	23	–1	92	25– 9	13.3	11.1	0.17
Sysco/Jun	SYY	n	43– 13	43– 28	42⅝	36	127	30– 12	19.7	18.3	0.35
Talman Home Federal/Dec	TLMN	o	14– 6*	10– 7	9⅞	23	114	6– 2*	3.7	3.7	0.17
Tambrands/Dec	TMB	n	71– 23	68– 51	57⅞	1	94	21– 9	15.1	13.7	2.29
Tandem Computers/Sep	TDM	n	38– 7	21– 12	17⅜	–4	89	40– 12	16.7	13.3	1.18
Tandy/Jun	TAN	n	57– 23	49– 38	42	4	96	22– 9	11.7	11.0	0.95
TCF Financial/Dec	TCFC	o	18– 7*	11– 9	10½	12	104	NM– 4*	6.2	3.6	0.13
TECO Energy/Dec	TE	n	28– 12	25– 21	22⅛	–2	91	16– 7	10.6	10.1	1.24
Tektronix/May	TEK	n	43– 19	30– 19	21	–27	67	NM– 8	NM	11.7	0.42
Tele-Communications/Dec	TCOMA	o	30– 5	30– 20	27½	2	94	NM– 27	NM	NM	2.23
Teledyne/Dec	TDY	n	390–137	373–317	347½	5	97	17– 7	10.2	11.5	0.85
Temple-Inland/Dec	TIN	n	69– 20	58– 44	50⅜	10	102	20– 6	7.0	6.2	0.66
Tenneco/Dec	TGT	n	63– 32	51– 40	47½	11	103	NM– 7	8.7	12.6	0.46
Texaco/Dec	TX	n	56– 26	56– 43	52⅝	15	106	NM– 5	9.9	13.0	0.38
Texas Air/Dec	TEX	a	52– 6	17– 9	11⅞	–15	79	NM– 3	NM	NM	0.06
Texas American Bcshs/Dec	TXA	n	43– [illegible]	4– [illegible]	[illegible]	–87	12	NM– 9	NM	NA	0.01
Texas Eastern/Dec	TET	n	53– 21	53– 24	51	57	146	52– 7	16.3	24.6	0.78
Texas Instruments/Dec	TXN	n	80– 29	56– 35	37⅞	24	71	NM– 8	9.3	9.5	0.48
Texas Utilities/Dec	TXU	n	38– 21	29– 25	28	7	99	9– 5	7.0	6.7	1.14
Textron/Dec	TXT	n	40– 13	30– 22	26⅝	0	92	14– 6	8.6	8.3	0.31
Time Inc/Dec	TL	n	123– 34	123– 84	118½	31	121	33– 10	23.7	19.2	1.49
Times Mirror/Dec	TMC	n	53– 17	39– 29	34⅝	–6	87	25– 9	13.4	14.9	1.36
Timken/Dec	TKR	n	41– 20	41– 28	34⅜	–3	90	NM– 12	14.6	10.5	0.62
Torchmark/Dec	TMK	n	39– 10	34– 29	32¼	9	101	16– 7	10.4	9.1	1.03
Toys R Us/Jan	TOY	n	43– 16	41– 33	37½	5	97	38– 17	18.3	14.7	1.20
Transamerica/Dec	TA	n	52– 21	37– 30	33½	–2	91	20– 6	7.6	7.7	0.32
Transco Energy/Dec	E	n	61– 18	40– 25	36½	32	122	NM– 7	NM	17.6	0.36
Travelers/Dec	TIC	n	60– 26	39– 33	38⅜	8	100	42– 6	41.9	10.7	0.21
Tribune/Dec	TRB	n	50– 12	43– 34	41	4	96	27– 10	14.8	13.1	1.31
Trinova/Dec	TNV	n	44– 14	35– 25	27½	–19	75	20– 7	10.7	9.8	0.49
Trustcorp/Dec	TTCO	o	42– 20	27– 20	22⅝	–5	88	19– 7	14.7	6.1	0.64
TRW/Dec	TRW	n	70– 29	54– 41	42¾	–15	79	25– 9	10.0	9.6	0.37
Tucson Electric/Dec	TEP	n	65– 34	59– 40	39½	–29	66	14– 8	8.9	7.6	1.83
Turner Corp/Dec	TUR	a	31– 15	21– 15	17⅝	7	99	NM– 7	21.5	9.4	0.02
TW Services/Dec	TW	n	32– 9*	32– 16	31⅜	77	164	61– 8*	28.5	18.4	0.43
Tyco Laboratories/May	TYC	n	38– 7	38– 26	34½	22	113	21– 8	15.2	11.5	0.81
Tyson Foods/Sep	TYSNA	o	26– 2	20– 12	15	14	106	36– 6	11.5	10.6	0.48
UAL Inc	UAL	n	128– 28	128– 78	113½	35	125	NM– 3	3.0	6.9	0.27

*Range is for less than period indicated. †Prices are as originally reported, adjusted for splits. Stock performance includes value of special distributions. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit. Stock prices as of Mar. 23, 1989.

net profit margin	latest 12 months EPS	1988 EPS	Earnings estimated 1989 EPS	% change '89 vs '88 EPS	number of analysts	confidence factor on estimate	Dividends indicated rate	yield	payout ratio	5-year growth rate
def	$–1.45	$–1.19	$–0.62	D-D	13	NM	none	NA	NA	NA
7.2%	3.48	3.48	NA	NA	NA	NA	$1.16	5.7%	33%	6%
11.8	1.88	1.88	2.09	11%	5	very high	0.72	3.5	38	8
0.1	0.06	0.06	2.96	NM	25	low	1.80	5.2	NM	6
def	–2.89	–2.89	0.48	D-P	14	very low	1.20	3.9	NM	NA
6.1	1.16	0.90	1.37	52	34	average	none	NA	NA	NA
def	–2.71	–2.71	5.09	D-P	13	average	1.80	3.3	NM	0
10.7	2.38	2.38	2.64	11	34	very high	0.76	3.6	32	31
7.3	2.25	2.25	3.02	34	4	average	1.17	3.8	52	6
0.9	2.11	2.02	2.31	14	9	very high	0.44	1.6	21	21
1.3	1.73	1.81	2.07	14	15	high	0.50	2.2	29	10
1.7	2.16	1.79	2.33	30	15	high	0.36	0.8	17	16
4.7	2.64	2.64	2.69	2	4	low	0.25	2.5	9	NA
15.1	3.83	3.83	4.24	11	14	very high	2.04	3.5	53	6
7.2	1.04	0.96	1.31	36	26	average	none	NA	NA	NA
8.0	3.59	3.54	3.81	8	35	very high	0.60	1.4	17	NA
2.1	1.74	1.74	2.98	71	7	low	0.40	3.7	23	NA
11.7	2.13	2.13	2.25	6	23	high	1.42	6.3	67	7
def	–0.23	1.32E	1.80	36	8	average	0.60	2.9	NM	6
0.3	0.31	0.31	0.06	–81	8	very low	none	NA	NA	NA
8.5	34.03	34.03	30.31	–11	9	average	4.00	1.2	12	NA
9.5	7.15	7.15	8.16	14	18	average	1.16	2.3	16	20
6.2	5.48	5.48	3.78	–31	29	low	3.04	6.4	55	2
3.9	5.35	5.35	4.06	–24	38	low	3.00	5.7	56	NA
def	–18.88	–18.88	–4.55	D-D	17	NM	none	NA	NA	NA
def	–45.93	–45.93	NA	NA	NA	NA	none	NA	NA	NA
4.8	3.13	3.13	2.07	–34	24	low	1.00	2.0	32	–21
5.8	4.05	4.05	3.93	–3	30	low	0.72	1.9	18	2
15.5	4.00	4.00	4.18	4	26	average	2.92	10.4	73	5
3.7	3.10	3.10	3.21	4	14	average	1.00	3.7	32	3
6.4	5.01	5.01	6.18	23	26	high	1.00	0.8	20	3
10.2	2.58	2.58	2.33	–10	23	average	1.00	2.9	39	–9
4.2	2.34	2.34	3.24	38	7	average	0.92	2.7	39	–14
10.8	3.11	3.11	3.54	14	20	high	1.20	3.7	39	30
6.7	2.04	2.04	2.53	24	25	high	none	NA	NA	NA
4.4	4.42	4.42	4.38	–1	17	average	1.88	5.6	43	6
def	–3.18	–3.18	2.06	D-P	24	low	1.36	3.8	NM	–6
0.5	0.92	0.92	3.60	291	29	average	2.40	6.2	261	2
9.0	2.78	2.78	3.12	12	21	high	0.88	2.1	32	16
4.6	2.54	2.54	2.79	10	14	high	0.64	2.3	25	7
4.4	1.51	1.51	3.61	139	5	average	1.50	6.8	99	7
3.7	4.29	4.29	4.46	4	25	average	1.72	4.0	40	–5
23.7	4.95	4.95	5.21	5	17	average	3.90	9.9	79	10
0.1	0.82	0.82	1.88	129	2	NM	1.30	7.4	159	–1
1.5	1.10	1.10	1.71	55	11	average	0.10	0.3	9	NA
4.6	2.27	2.23E	3.00	35	7	average	0.28	0.8	12	7
4.2	1.30	1.27	1.41	11	7	average	0.04	0.3	3	47
12.5	37.87	37.87	16.31	–57	21	low	none	NA	NA	NA

Sources: William O'Neil & Co., The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus CD Investment, Forbes.

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Company/fiscal year end	Ticker symbol	exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance latest 12 months price change	Stock performance latest 12 months relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1989 est	Stock price ratios price/sales
Union Bank/Dec	UBNK	o	37– 15	34– 23	25	–21%	73%	16– 7	7.1	6.4	0.97
Union Camp/Dec	UCC	n	48– 21	38– 31	34⅛	0	92	29– 7	8.2	7.2	0.90
Union Carbide/Dec	UK	n	33– 10	33– 17	29⅜	24	115	NM– 4	6.1	4.7	0.49
Union Electric/Dec	UEP	n	32– 12	25– 22	23¾	1	94	11– 4	9.3	9.1	1.20
Union Pacific/Dec	UNP	n	87– 34	73– 55	64	–3	90	NM– 9	11.3	11.0	1.19
Union Planters/Dec	UPC	n	20– 7	15– 13	13⅛	5	97	NM– 7	7.8	7.0	0.61
Union Texas Petrol/Dec	UTH	n	15– 6*	13– 9	12⅝	15	106	NM– 13*	17.3	16.2	0.99
Unisys/Dec	UIS	n	48– 16	39– 25	25⅛	–21	73	NM– 7	7.0	7.0	0.40
United Artists/Dec	UACI	o	33– 5	33– 24	32	2	95	NM– 13	NM	26.7	1.56
United Banks of Colo/Dec	UBKS	o	36– 12	17– 12	16⅛	16	108	NM– 6	36.4	15.9	0.43
United Brands/Dec	UB	n	20– 3	20– 14	14¾	–7	86	19– 6	10.0	NA	0.16
United Cable TV/May	UCT	n	38– 6	38– 32	37¾	13	105	NM– 40	NM	NM	5.68
United Illuminating/Dec	UIL	n	36– 9	28– 19	25⅛	24	115	o– 2	5.2	3.9	0.67
United Jersey Banks/Dec	UJB	n	33– 11	24– 19	20⅞	–1	92	16– 6	8.1	7.2	0.88
United Missouri Bcsh/Dec	UMSB	o	29– 14	27– 24	26¼	2	95	13– 7	10.1	9.6	1.04
US Bancorp/Dec	USBC	o	31– 10	27– 21	26⅝	9	101	15– 6	8.9	7.8	0.80
US Shoe/Jan	USR	n	35– 12	29– 16	18½	–18	76	NM– 7	NM	13.9	0.36
US Trust/Dec	USTC	o	49– 17	49– 36	42	–7	86	16– 7	14.0	11.6	1.13
United Technologies/Dec	UTX	n	61– 29	46– 35	43	6	98	NM– 7	8.5	8.2	0.31
United Telecom/Dec	UT	n	55– 17	55– 27	51⅜	71	158	NM– 7	10.4	15.1	0.82
Universal/Jun	UVV	n	38– 15	38– 28	36½	20	111	11– 6	9.9	9.8	0.23
Unocal/Dec	UCL	n	49– 16	44– 33	41⅜	16	107	NM– 6	NM	17.0	0.55
UNUM Corp/Dec	UNM	n	31– 15*	30– 20	30	38	128	15– 9*	10.1	9.1	0.59
Upjohn/Dec	UPI	n	54– 8	35– 27	27⅛	–10	83	35– 8	14.6	12.1	1.87
US West/Dec	USW	n	63– 28	63– 50	61½	16	107	12– 7	10.0	10.3	1.22
USAir Group/Dec	U	n	54– 22	42– 30	38⅛	3	96	14– 4	10.2	8.6	0.30
USF&G/Dec	FG	n	49– 18	34– 29	31⅛	–1	92	NM– 5	11.9	10.2	0.47
USG†/Dec	USG	n	56– 3	8– 5	6⅛	30	121	NM– 3	2.7	15.2	0.15
USLife/Dec	USH	n	50– 24	41– 32	39⅛	9	101	13– 6	9.9	9.0	0.52
UST Inc/Dec	UST	n	24– 7	24– 14	23⅛	56	144	17– 9	16.8	14.1	4.31
USX/Dec	X	n	39– 15	34– 26	30½	0	92	NM– 8	11.6	10.9	0.50
Valhi/Dec	VHI	n	15– 1	15– 8	13⅛	48	137	NM– 4	18.8	NA	0.66
Valley Bancorp/Dec	VYBN	o	28– 10	26– 20	24¾	15	106	15– 6	10.9	9.3	1.06
Valley Federal S&L/Dec	VFED	o	22– 3	17– 10	11	–30	65	NM– 4	NM	NM	0.19
Valley National/Dec	VNCP	o	50– 21	33– 22	26⅝	–10	84	NM– 7	8.4	6.9	0.46
VF/Dec	VFC	n	48– 21	35– 27	33	1	94	19– 6	12.9	11.7	0.90
Viacom/Dec	VIA	a	41– 5*	41– 21	38⅝	61	149	NM–NM*	NM	NM	1.63
Vista Chemical/Sep	VC	n	61– 17*	61– 44	52⅛	–5	88	NM– 6*	7.0	5.9	0.98
Vons Cos/Dec	VON	n	16– 2	16– 7	14⅜	92	178	NM– 16	NM	31.8	0.14
Vulcan Materials/Dec	VMC	n	44– 15	44– 36	43	13	105	17– 9	13.0	11.4	1.66
Wal-Mart Stores/Jan	WMT	n	43– 8	35– 26	31⅞	9	102	47– 19	21.5	17.3	0.87
Walgreen/Aug	WAG	n	45– 14	40– 27	35⅜	11	103	27– 11	16.0	14.1	0.43
Wang Laboratories/Jun	WANB	a	32– 8	13– 8	8⅛	–28	66	NM– 13	27.4	17.7	0.45
Warner Commun/Dec	WCI	n	51– 9	51– 29	47⅛	51	140	NM– 8	17.8	16.7	1.42
Warner-Lambert/Dec	WLA	n	88– 29	82– 60	80	6	99	NM– 10	16.0	13.7	1.39
Washington Mutual/Dec	WAMU	o	27– 4	20– 13	17⅞	10	102	NM– 2	6.9	7.1	0.44
Washington Post/Dec	WPOB	a	269– 64	229– 187	210½	–5	88	27– 10	10.1	14.7	1.98
Waste Management/Dec	WMX	n	49– 7	45– 32	43¾	23	114	36– 10	21.2	17.5	2.75

*Range is for less than period indicated. †Prices are as originally reported, adjusted for splits. Stock performance includes value of special distributions. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit. Stock prices as of Mar. 25, 1989.

net profit margin	latest 12 months EPS	1988 EPS	Earnings estimated 1989 EPS	% change '89 vs '88 EPS	number of analysts	confidence factor on estimate	Dividends indicated rate	yield	payout ratio	5-year growth rate
7.6%	$3.51	$3.51	$3.90	11%	2	NM	$1.16	4.6%	33%	2%
11.1	4.25	4.25	4.82	13	21	average	1.24	3.6	29	3
8.0	4.88	4.88	6.31	29	26	average	1.00	3.4	20	4
14.4	2.56	2.56	2.62	2	19	average	2.00	8.4	78	3
10.6	5.65	5.65	5.82	3	21	high	2.20	3.4	39	4
7.8	1.71	1.71	1.90	11	9	average	0.48	3.6	28	NA
10.2	0.73	0.73	0.78	7	13	low	0.20	1.6	27	NA
6.9	3.58	3.58	3.60	1	30	average	1.00	4.0	28	3
0.3	0.06	0.06	1.20	NM	2	NM	none	NA	NA	NA
1.6	0.45	0.45	1.03	129	10	average	0.20	1.2	44	NA
1.7	1.47	1.47	NA	NA	NA	NA	0.20	1.4	14	139
0.1	0.00	0.23E	0.45	96	1	NM	0.06	0.2	NM	18
15.2	4.85	4.85	6.45	33	4	high	2.32	9.2	48	3
11.2	2.58	2.58	2.90	12	13	high	1.06	5.1	41	14
10.3	2.59	2.59	2.75	6	5	very high	0.68	2.6	26	6
9.0	3.02	3.02	3.41	13	22	high	1.00	3.7	33	12
0.2	0.12	0.62E	1.33	115	7	very low	0.46	2.5	383	2
8.5	3.01	3.01	3.62	20	6	high	1.52	3.6	50	15
3.7	5.05	5.05	5.25	4	30	high	1.60	3.7	32	3
7.8	4.95	4.95	3.42	–31	22	low	1.92	3.7	39	1
2.3	3.69	3.56	3.73	5	11	high	1.40	3.8	38	11
0.3	0.21	0.21	2.43	NM	42	low	1.00	2.4	476	0
6.1	2.98	2.98	3.30	11	11	high	0.48	1.6	16	NA
12.8	1.90	1.90	2.30	21	36	high	0.88	3.2	46	19
12.3	6.17	6.17	5.97	–3	29	high	3.76	6.1	61	9
2.9	3.81	3.81	4.50	18	23	low	0.12	0.3	3	0
4.1	2.66	2.66	3.10	17	27	average	2.80	8.9	105	6
5.6	2.38	2.38	0.42	–82	11	very low	none	NA	NA	NA
5.5	3.98	3.98	4.34	9	15	average	1.36	3.5	34	7
26.7	1.41	1.41	1.69	20	18	high	0.92	3.9	65	20
4.8	2.62	2.62	2.80	7	30	low	1.40	4.6	53	5
3.6	0.70	0.70	NA	NA	NA	NA	0.10	0.8	14	NA
9.6	2.27	2.27	2.67	18	4	average	1.04	4.2	46	4
def	–0.73	–0.73	–0.20	D-D	1	NM	none	NA	NA	NA
5.4	3.16	3.16	3.87	22	22	average	1.44	5.4	46	6
6.9	2.55	2.55	2.82	11	18	average	0.88	2.7	35	14
def	–3.54	–3.54	–2.13	D-D	2	NM	none	NA	NA	NA
15.6	7.43	7.10	8.92	26	19	average	1.80	3.4	24	NA
def	–0.77	–0.77	0.46	D-P	3	average	none	NA	NA	NA
12.9	3.30	3.30	3.78	15	8	average	1.12	2.6	34	10
4.1	1.48	1.48	1.84	24	30	high	0.22	0.7	15	30
2.7	2.19	2.10	2.50	19	16	very high	0.68	1.9	31	12
1.6	0.31	0.56	0.48	–14	26	low	0.16	1.9	52	1
10.1	2.65	2.65	2.82	6	25	average	0.68	1.4	26	86
8.7	5.00	5.00	5.86	17	34	very high	2.56	3.2	51	11
6.4	2.48	2.48	2.43	–2	9	low	0.40	2.3	16	85
19.7	20.91	20.91	14.31	–32	18	high	1.84	0.9	9	18
13.0	2.05	2.05	2.48	21	30	average	0.48	1.1	23	24

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus CD Investment; Forbes.

The Forbes 500s on Wall Street

Company/fiscal year end	Ticker symbol	exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance latest 12 months price change	Stock performance latest 12 months relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1989 est	Stock price ratios price/sales
Weis Markets/Dec	WMK	n	42– 13	34– 27	29	–12%	82%	26– 11	15.9	13.8	1.11
Wells Fargo/Dec	WFC	n	71– 16	71– 50	67	26	117	NM– 5	7.3	6.5	0.72
West Point-Pepperell/Sep	WPM	n	59– 17	59– 29	57⅞	74	161	22– 6	21.9	22.0	0.73
Western Capital Inv/Dec	WECA	o	22– 8*	16– 8	9⅝	–35	60	NM– 6*	NM	24.7	0.26
Western S&L/Dec	WSL	n	27– 1	9– 1	1¼	–83	16	NM– 3	NM	NA	0.03
Westinghouse/Dec	WX	n	75– 20	58– 48	52½	5	98	15– 7	9.3	8.5	0.60
Westvaco/Oct	W	n	38– 14	32– 25	28⅝	1	94	22– 7	8.6	8.1	0.83
Wetterau/Mar	WETT	o	27– 9	27– 21	23⅞	12	104	18– 8	13.7	11.3	0.12
Weyerhaeuser/Dec	WY	n	40– 17	30– 23	25⅜	–5	88	29– 9	9.6	9.0	0.52
Wheeling-Pittsburgh/Dec	WHX	n	34– 6	28– 8	12½	23	115	NM–NM	0.4	5.0	0.06
Whirlpool/Dec	WHR	n	42– 18	30– 24	25⅜	–5	88	19– 7	18.9	9.8	0.41
Whitman/Dec	WH	n	41– 11	38– 28	31	3	96	39– 6	15.7	14.8	0.89
Whitney Holding/Dec	WHDN	o	66– 29	59– 49	56	8	100	16– 5	13.9	13.2	1.58
Wickes Cos/Jan	WIX	n	35– 7	14– 7	8	–19	75	NM– 2	NM	8.7	0.10
Willamette Inds/Dec	WMTT	o	64– 14	54– 42	44⅛	–5	88	18– 6	7.0	6.4	0.65
Williams Cos/Dec	WMB	n	38– 18	38– 26	30	7	99	NM– 5	11.7	17.1	0.68
Wilmington Trust/Dec	WILM	o	36– 8	35– 26	33⅛	12	104	18– 7	11.2	9.6	1.86
Winn-Dixie Stores/Jun	WIN	n	59– 26	47– 38	45⅛	9	101	23– 9	14.2	14.2	0.20
Wisconsin Energy/Dec	WEC	n	32– 13	28– 24	25½	4	96	13– 6	9.3	8.9	1.11
Witco/Dec	WIT	n	47– 18	39– 33	36¼	1	94	16– 6	11.9	9.4	0.51
FW Woolworth/Jan	Z	n	61– 15	61– 44	48½	4	96	17– 8	10.9	9.7	0.38
Worthington Inds/May	WTHG	o	26– 8	25– 19	20⅝	3	96	25– 10	13.3	11.5	0.85
Wm Wrigley Jr/Dec	WWY	n	41– 8	41– 32	36¼	–8	85	22– 8	16.6	15.2	1.62
Xerox/Dec	XRX	n	85– 33	67– 50	59	6	99	21– 9	16.9	9.3	0.37
Yellow Freight Sys/Dec	YELL	o	43– 12	34– 24	27⅛	–10	83	30– 7	11.3	9.2	0.39
Zayre/Jan	ZY	n	44– 11	27– 19	24¼	9	101	NM– 4	NM	11.5	0.73
Zenith Electronics/Dec	ZE	n	34– 10	30– 17	18½	8	100	NM– 7	NM	17.5	0.18
Zions Bancorporation/Dec	ZION	o	64– 19	27– 20	23¾	–6	88	NM– 7	NM	12.3	0.49

*Range is for less than period indicated. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D/D: Deficit to deficit. D/P: Deficit to profit. def: Deficit. Stock prices as of Mar. 28, 1989.

net profit margin	latest 12 months EPS	Earnings 1988 EPS	Earnings estimated 1989 EPS	Earnings % change '89 vs '88 EPS	Earnings number of analysts	Earnings confidence factor on estimate	Dividends indicated rate	Dividends yield	Dividends payout ratio	Dividends 5-year growth rate
6.9%	$1.82	$1.82	$2.10	15%	3	average	$0.56	1.9%	31%	16%
10.0	9.20	9.20	10.34	12	32	high	3.00	4.5	33	22
3.3	2.63	3.08	2.62	-15	10	low	1.20	2.1	46	2
def	-0.30	-0.30	0.39	D-P	3	very low	none	NA	NA	NA
def	-14.50	-14.50	NA	NA	NA	NA	none	NA	NA	NA
6.6	5.66	5.66	6.21	10	23	high	2.00	3.8	35	19
9.7	3.27	3.10	3.48	12	21	average	0.92	3.3	28	10
0.9	1.75	1.84E	2.11	15	6	high	0.56	2.3	32	1
5.6	2.68	2.68	2.87	7	26	average	1.20	4.7	45	7
16.2	33.10	33.10	2.50	-92	1	NM	none	NA	NA	NA
2.2	1.36	1.36	2.64	94	11	average	1.10	4.3	81	3
5.9	1.97	1.97	2.10	7	19	average	0.96	3.1	49	10
11.4	4.04	4.04	4.25	5	1	NM	2.56	4.6	63	0
def	-2.68	0.92E	0.92	0	2	NM	none	NA	NA	NA
9.4	6.34	6.34	6.87	8	13	average	1.45	3.3	23	7
5.9	2.57	2.57	1.76	-32	19	low	1.40	4.7	54	1
16.6	2.98	2.98	3.45	16	7	average	1.00	3.0	34	17
1.4	3.19	2.87	3.18	11	8	high	1.92	4.2	60	3
11.9	2.73	2.73	2.86	5	26	average	1.54	6.0	56	8
4.5	3.05	3.05	3.86	27	11	average	1.50	4.1	49	11
3.6	4.47	4.47	5.02	12	25	high	1.64	3.4	37	16
6.4	1.55	1.59E	1.80	13	8	high	0.48	2.3	31	15
9.8	2.18	2.18	2.39	10	8	high	1.28	3.5	59	21
2.4	3.50	3.50	6.32	81	17	average	3.00	5.1	86	0
3.4	2.40	2.40	2.96	23	21	average	0.70	2.6	29	8
def	-2.97	-2.97	2.16	D-P	16	low	0.40	1.6	NM	31
0.2	0.20	0.20	1.06	430	9	very low	none	NA	NA	NA
def	-3.04	-3.04	1.92	D-P	2	NM	1.44	6.1	NM	5

Sources: William O'Neil & Co., The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, S.D. Investment Trends

Where to find The Forbes 500s

This section lists basic data on the 778 companies in the Forbes 500s. Address, telephone, industry group and chief executive are included.

Abbott Laboratories
One Abbott Park Road
Abbott Park, IL 60064-3500
312-937-6100
CEO: Robert A Schoellhorn
Health-drugs

Aetna Life & Casualty
151 Farmington Avenue
Hartford, CT 06156
203-273-0123
CEO: James T Lynn
Insurance-diversified

Affiliated Publications
135 Morrissey Boulevard
Boston, MA 02107
617-929-3300
CEO: William O Taylor
Communications-publishing

HF Ahmanson
660 South Figueroa
Los Angeles, CA 90017
213-955-4200
CEO: Richard H Deihl
Banks-thrift institutions

Air Products & Chemicals
7201 Hamilton Boulevard
Allentown, PA 18195-1501
215-481-4911
CEO: Dexter F Baker
Chemicals-specialized

Albertson's
PO Box 20
Boise, ID 83726
208-385-6200
CEO: Warren E McCain
Food-major supermarkets

Alco Standard
PO Box 834
Valley Forge, PA 19482-0834
215-296-8000
CEO: Ray B Mundt
Services & related products-office

Alexander & Alexander Services
1211 Avenue of the Americas
New York, NY 10036
212-840-8500
CEO: Tinsley H Irvin
Insurance-brokers

Alexander & Baldwin
PO Box 3440
Honolulu, HI 96801
808-525-6611
CEO: Robert J Pfeiffer
Surface transportation-shipping

Allegheny Ludlum
1000 Six PPG Place
Pittsburgh, PA 15222-5479
412-394-2800
CEO: Richard P Simmons
Metals-steel

Allegheny Power System
320 Park Avenue
New York, NY 10022
212-752-2121
CEO: Klaus Bergman
Electric utilities-northeast

Allied-Signal
PO Box 4000R
Morristown, NJ 07962
201-455-2000
CEO: Edward L Hennessy Jr
Aerospace & defense
Automotive-auto parts

Alltel
100 Executive Parkway
Hudson, OH 44236
216-650-7000
CEO: Joe T Ford
Telecommunications-carriers

Altus Bank
PO Box 16267
Mobile, AL 36616
205-473-0500
CEO: William L Watson III
Banks-thrift institutions

Aluminum Co of America
1501 Alcoa Building
Pittsburgh, PA 15219
412-553-4545
CEO: Paul H O'Neill
Metals-nonferrous

AMAX
200 Park Avenue
New York, NY 10166
212-856-4200
CEO: Allen Born
Metals-nonferrous
Coal

Amdahl
PO Box 3470
Sunnyvale, CA 94088-3470
408-746-6000
CEO: John C Lewis
Electronics-computers

Amerada Hess
1185 Avenue of the Americas
New York, NY 10036
212-997-8500
CEO: Leon Hess
Energy-domestic oil, gas & coal

American Brands
PO Box 811
Old Greenwich, CT 06870-0811
203-698-5000
CEO: William J Alley
Beverages & tobacco-tobacco

American Capital
1221 Brickell Avenue
Miami, FL 33131
305-536-1400
CEO: Jack D Burstein
Banks-thrift institutions

American Continental
2735 East Camelback Road
Phoenix, AZ 85016
602-957-7170
CEO: Charles H Keating Jr
Banks-thrift institutions
Finance-services

American Cyanamid
One Cyanamid Plaza
Wayne, NJ 07470
201-831-2000
CEO: George J Sella Jr
Chemicals-diversified
Health-drugs

American Electric Power
One Riverside Plaza
Columbus, OH 43215
614-223-1000
CEO: Willis S White Jr
Electric utilities-north central

American Express
American Express Tower
New York, NY 10285-4805
212-640-2000
CEO: James D Robinson III
Finance-services

American Family
1932 Wynnton Road
Columbus, GA 31999
404-323-3431
CEO: John B Amos
Insurance-life & health

American General
PO Box 3247
Houston, TX 77253
713-522-1111
CEO: Harold S Hook
Insurance-diversified

American Home Products
685 Third Avenue
New York, NY 10017-4085
212-878-5000
CEO: John R Stafford
Health-drugs

American International Group
70 Pine Street
New York, NY 10270
212-770-7000
CEO: Maurice R Greenberg
Insurance-diversified

American Medical International
414 North Camden Drive
Beverly Hills, CA 90210
213-278-6200
CEO: Richard A Gilleland
Health-services

American National Insurance
One Moody Plaza
Galveston, TX 77550
409-763-4661
CEO: Orson C Clay
Insurance-life & health

American Petrofina
8350 North Central Expressway
Dallas, TX 75206
214-750-2900
CEO: Ronald W Haddock
Energy-domestic oil, gas & coal

American President Cos Ltd
1800 Harrison Street
Oakland, CA 94612
415-272-8000
CEO: W Bruce Seaton
Surface transportation-shipping

American Savings Bank FSB
99 Church Street
White Plains, NY 10601
914-287-2600
CEO: John T Morgan
Banks-thrift institutions

American Stores
PO Box 9649
Newport Beach, CA 92658-9649
714-476-4400
CEO: Jonathan L Scott
Food major supermarkets
Retailing-drugs

American Telephone & Telegraph
550 Madison Avenue
New York, NY 10022-3297
212-605-5500
CEO: Robert E Allen
Telecommunications-carriers

AmeriFirst Bank
PO Box 026029
Miami, FL 33102-6029
305-577-6100
CEO: Ronald J Burns
Banks-thrift institutions

Ameritech
30 South Wacker Drive
Chicago, IL 60606
312-750-5000
CEO: William L Weiss
Telecommunications-carriers

Ameritrust
PO Box 5937
Cleveland, OH 44101-0937
216-687-5000
CEO: Jerry V Jarrett
Banks-north central

Ames Department Stores
2418 Main Street
Rocky Hill, CT 06067-0801
203-563-8234
CEO: Peter B Hollis
Retailing-discount & variety

Amoco
PO Box 87703
Chicago, IL 60680-0703
312-856-6111
CEO: Richard M Morrow
Energy-international oil

AMP
PO Box 3608
Harrisburg, PA 17105-3608
717-564-0100
CEO: Walter F Raab
Electronics-equipment

AMR
PO Box 619616
DFW Airport, TX 75261-9616
817-355-1234
CEO: Robert L Crandall
Air transport

Where to find The Forbes 500s

AmSouth Bancorporation
PO Box 11007
Birmingham, AL 35288
205-320-7151
CEO: John W Woods
Banks-southeast

Arkla
PO Box 21734
Shreveport, LA 71151
318-429-2700
CEO: Thomas F McLarty III
Natural gas-integrated

Avon Products
9 West 57th Street
New York, NY 10019
212-546-6015
CEO: James E Preston
Consumer-household & personal products

Anadarko Petroleum
PO Box 1330
Houston, TX 77251-1330
713-875-1101
CEO: Robert J Allison Jr
Energy-domestic oil, gas & coal

Armco
300 Interpace Parkway
Parsippany, NJ 07054-0324
201-316-5200
CEO: Robert E Boni
Metals-steel

Baker Hughes
PO Box 4740
Houston, TX 77210-4740
713-439-8600
CEO: James D Woods
Energy-oilfield services

Anchor Savings Bank FSB
1420 Broadway
Hewlett, NY 11557
516-596-3900
CEO: James M Large Jr
Banks-thrift institutions

Armstrong World Industries
PO Box 3001
Lancaster, PA 17604
717-397-0611
CEO: William W Adams
Building-miscellaneous materials

Bally Manufacturing
8700 West Bryn Mawr Avenue
Chicago, IL 60631
312-399-1300
CEO: Robert E Mullane Jr
Leisure-hotels & gaming

Anheuser-Busch Cos
One Busch Place
St Louis, MO 63118-1852
314-577-2000
CEO: August A Busch III
Beverages & tobacco-alcoholic beverages

Asarco
180 Maiden Lane
New York, NY 10038
212-510-2000
CEO: Richard de Tolentino
Metals-nonferrous

Baltimore Bancorp
PO Box 896
Baltimore, MD 21203
301-244-3360
CEO: Harry L Robinson
Banks-mid-Atlantic

Aon
123 North Wacker Drive
Chicago, IL 60606
312-701-3000
CEO: Patrick G Ryan
Insurance-diversified

Ashland Oil
PO Box 391
Ashland, KY 41114
606-329-3333
CEO: John R Hall
Energy-domestic oil, gas & coal
Chemicals-specialized

Baltimore Gas & Electric
PO Box 1475
Baltimore, MD 21203
301-234-5000
CEO: George V McGowan
Electric utilities-northeast
Natural gas-distributors

Apple Bank for Savings
205 East 42nd Street
New York, NY 10017
212-573-8000
CEO: Jerome R Mahoney Jr
Banks-thrift institutions

Atlantic Financial Federal
50 Monument Road
Bala Cynwyd, PA 19004
215-668-6600
CEO: Donald R Caldwell
Banks-thrift institutions

Banc One
100 East Broad Street
Columbus, OH 43271-0251
614-248-5944
CEO: John B McCoy
Banks-north central

Apple Computer
20525 Mariani Avenue
Cupertino, CA 95014
408-996-1010
CEO: John Sculley
Electronics-computers

Atlantic Richfield
515 South Flower Street
Los Angeles, CA 90071
213-486-3511
CEO: Lodwrick M Cook
Energy-domestic oil, gas & coal

Banco Popular de Puerto Rico
GPO Box 2708
San Juan, PR 00936-2708
809-765-9800
CEO: Richard L Carrion
Banks-southeast

Archer Daniels Midland
PO Box 1470
Decatur, IL 62525
217-424-5200
CEO: Dwayne O Andreas
Food processors-commodities

Automatic Data Processing
One ADP Boulevard
Roseland, NJ 07068-1728
201-994-5000
CEO: Josh S Weston
Services & related products-office

Bancorp Hawaii
PO Box 2900
Honolulu, HI 96846
808-537-8111
CEO: H Howard Stephenson
Banks-western

Argonaut Group
1800 Avenue of the Stars
Los Angeles, CA 90067
213-553-0561
CEO: Charles E Rinsch
Insurance-property & casualty

Avery International
PO Box 7090
Pasadena, CA 91109
818-304-2000
CEO: Charles D Miller
Services & related products-office
Packaging

Bandag
Bandag Center
Muscatine, IA 52761-5886
319-262-1400
CEO: Martin G Carver
Automotive-auto parts

Aristech Chemical
600 Grant Street
Pittsburgh, PA 15230-0250
412-433-2747
CEO: Thomas Marshall
Chemicals-diversified

Avnet
80 Cutter Mill Road
Great Neck, NY 11021
516-466-7000
CEO: Leon Machiz
Electronics-semiconductors

Bank of Boston
100 Federal Street
Boston, MA 02110
617-434-2200
CEO: Ira Stepanian
Banks-multinational

Where to find The Forbes 500s

Bank of New England
28 State Street
Boston, MA 02109
617-742-4000
CEO: Walter J Connolly Jr
Banks-northeast

Baxter International
One Baxter Parkway
Deerfield, IL 60015
312-948-2000
CEO: Vernon R Loucks Jr
Health-medical supplies

Berkshire Hathaway
1440 Kiewit Plaza
Omaha, NE 68131
402-346-1400
CEO: Warren E Buffett
Conglomerates
Insurance-property & casualty

Bank of New York
48 Wall Street
New York, NY 10286
212-495-1784
CEO: John Carter Bacot
Banks-northeast

BayBanks
175 Federal Street
Boston, MA 02110
617-482-1040
CEO: William M Crozier Jr
Banks-northeast

Bethlehem Steel
Martin Tower
Bethlehem, PA 18016
215-694-2424
CEO: Walter F Williams
Metals-steel

Bank South
PO Box 5092
Atlanta, GA 30302
404-529-4111
CEO: Robert P Guyton
Banks-southeast

BB&T Financial (formerly Branch Corp)
PO Box 1847
Wilson, NC 27894-1847
919-399-4291
CEO: L Vincent Lowe Jr
Banks-southeast

Beverly Enterprises
PO Box 90130
Pasadena, CA 91109-5130
818-577-6111
CEO: Robert Van Tuyle
Health-services

BankAmerica
Box 37000
San Francisco, CA 94137
415-622-3456
CEO: Alden W Clausen
Banks-multinational

Bear Stearns Cos
245 Park Avenue
New York, NY 10167
212-272-2000
CEO: Alan C Greenberg
Finance-brokerage houses

Black & Decker
701 East Joppa Road
Towson, MD 21204
301-583-3900
CEO: Nolan D Archibald
Consumer appliances

Bankers Trust New York
280 Park Avenue
New York, NY 10017
212-250-2500
CEO: Charles S Sanford Jr
Banks-multinational

Becton Dickinson
One Becton Drive
Franklin Lakes, NJ 07417-1880
201-848-6800
CEO: Raymond V Gilmartin
Health-medical supplies

H&R Block
4410 Main Street
Kansas City, MO 64111
816-753-6900
CEO: Henry W Bloch
Finance-services
Services & related products-office

BanPonce
GPO Box G-3108
San Juan, PR 00936
809-754-9400
CEO: Alberto M Paracchini
Banks-southeast

Bell Atlantic
1600 Market Street
Philadelphia, PA 19103
215-963-6000
CEO: Raymond W Smith
Telecommunications-carriers

Boatmen's Bancshares
PO Box 236
St Louis, MO 63166-0236
314-554-7720
CEO: Andrew B Craig III
Banks-north central

CR Bard
730 Central Avenue
Murray Hill, NJ 07974
201-277-8000
CEO: George T Maloney
Health-medical supplies

BellSouth
1155 Peachtree Street NE
Atlanta, GA 30367-6000
404-249-2000
CEO: John L Clendenin
Telecommunications-carriers

Boeing
PO Box 3707
Seattle, WA 98124-2207
206-655-2121
CEO: Frank A Shrontz
Aerospace & defense

Barnett Banks
PO Box 40789
Jacksonville, FL 32203-0789
904-791-7720
CEO: Charles E Rice
Banks-southeast

Beneficial Corp
300 Beneficial Center
Peapack, NJ 07977
201-781-3001
CEO: Finn M W Caspersen
Finance-services

Boise Cascade
One Jefferson Square
Boise, ID 83728
208-384-6161
CEO: John B Fery
Paper
Building-lumber

Battle Mountain Gold
333 Clay Street
Houston, TX 77002
713-650-6400
CEO: Douglas J Bourne
Metals-nonferrous

Benj Franklin Federal S&L
501 SE Hawthorne Boulevard
Portland, OR 97214-3598
503-248-1234
CEO: G Dale Weight
Banks-thrift institutions

Borden
277 Park Avenue
New York, NY 10172
212-573-4000
CEO: Romeo J Ventres
Food processors-branded foods

Bausch & Lomb
PO Box 54
Rochester, NY 14601-0054
716-338-6000
CEO: Daniel E Gill
Health-medical supplies

Bergen Brunswig
4000 Metropolitan Drive
Orange, CA 92668-3510
714-385-4000
CEO: Emil P Martini Jr
Health-drugs

Boston Edison
800 Boylston Street
Boston, MA 02199
617-424-2000
CEO: Stephen J Sweeney
Electric utilities-northeast

Where to find The Forbes 500s

Bowater
PO Box 4012
Darien, CT 06820-4012
203-656-7200
CEO: Anthony P Gammie
Paper

Bristol-Myers
345 Park Avenue
New York, NY 10154
212-546-4000
CEO: Richard L Gelb
Health-drugs
Consumer-household & personal products

Broad Inc (formerly Kaufman & Broad)
11601 Wilshire Boulevard
Los Angeles, CA 90025-1748
213-312-5000
CEO: Eli Broad
Insurance-life & health

Brown-Forman
PO Box 1080
Louisville, KY 40201
502-585-1100
CEO: W L Lyons Brown Jr
Beverages & tobacco-alcoholic beverages

Brown Group
PO Box 29
St Louis, MO 63166
314-854-4000
CEO: Bernard A Bridgewater Jr
Retailing-apparel

Browning-Ferris Industries
PO Box 3151
Houston, TX 77253
713-870-8100
CEO: William D Ruckelshaus
Services & related products-industrial

Bruno's
PO Box 2486
Birmingham, AL 35201-2486
205-940-9400
CEO: Angelo J Bruno
Food-regional supermarkets

Brunswick
One Brunswick Plaza
Skokie, IL 60077
312-470-4700
CEO: Jack F Reichert
Leisure-recreation

Burlington Northe
777 Main Street
Fort Worth, TX 76102
817-878-2000
CEO: Gerald Grinstein
Surface transportation-railroads

Burlington Resources
999 Third Avenue
Seattle, WA 98104-4097
206-467-3838
CEO: Thomas H O'Leary
Energy-domestic oil, gas & coal

Cabot
PO Box 9073
Waltham, MA 02254-9073
617-890-0200
CEO: Samuel W Bodman
Chemicals-specialized
Energy-domestic oil, gas & coal

CalFed
5670 Wilshire Boulevard
Los Angeles, CA 90036
213-932-4321
CEO: John R Torell III
Banks-thrift institutions

Campbell Soup
Campbell Place
Camden, NJ 08103-1799
609-342-4800
CEO: R Gordon McGovern
Food processors-branded foods

Capital Cities/ABC
24 East 51st Street
New York, NY 10022-6887
212-421-9595
CEO: Thomas S Murphy
Communications-broadcasting & services

Capital Holding
PO Box 32830
Louisville, KY 40232
502-560-2000
CEO: Irving W Bailey II
Insurance-life & health

Carnival Cruise Lines
100 Southeast Second Street
Miami, FL 33131
305-573-6030
CEO: Micky Arison
Leisure-hotels & gaming

Carolina Power & Light
PO Box 1551
Raleigh, NC 27602
919-546-6111
CEO: Sherwood H Smith Jr
Electric utilities-southeast

Carter Hawley Hale Stores
550 South Flower Street
Los Angeles, CA 90071
213-620-0150
CEO: Philip M Hawley
Retailing-department stores

Castle & Cooke
10900 Wilshire Boulevard
Los Angeles, CA 90024
213-824-1500
CEO: David H Murdock
Food processors-branded foods

Caterpillar
100 Northeast Adams Street
Peoria, IL 61629-7310
309-675-1000
CEO: George A Schaefer
Heavy equipment

CBS
51 West 52nd Street
New York, NY 10019
212-975-4321
CEO: Laurence A Tisch
Communications-broadcasting & services

Centel
8725 Higgins Road
Chicago, IL 60631
312-399-2500
CEO: John P Frazee Jr
Telecommunications-carriers

Centerior Energy
PO Box 94661
Cleveland, OH 44101-4661
216-447-3100
CEO: Richard A Miller
Electric utilities-north central

Centex
PO Box 19000
Dallas, TX 75219
214-559-6500
CEO: Laurence E Hirsch
Building-commercial & residential

Central & South West
PO Box 660164
Dallas, TX 75266-0164
214-754-1000
CEO: Merle L Borchelt
Electric utilities-south central

Central Bancshares of the South
701 South 20th Street
Birmingham, AL 35233
205-933-3000
CEO: Harry B Brock Jr
Banks-southeast

Central Fidelity Banks
PO Box 27602
Richmond, VA 23261
804-782-4000
CEO: Carroll L Saine
Banks-mid-Atlantic

Central Illinois Public Service
607 East Adams Street
Springfield, IL 62739
217-523-3600
CEO: Donald G Raymer
Electric utilities-north central

CenTrust Savings Bank
101 East Flagler Street
Miami, FL 33131
305-376-5000
CEO: David L Paul
Banks-thrift institutions

Champion International
One Champion Plaza
Stamford, CT 06921
203-358-7000
CEO: Andrew C Sigler
Paper
Building-lumber

Where to find The Forbes 500s

Chase Manhattan
One Chase Manhattan Plaza
New York, NY 10081
212-552-2222
CEO: Willard C Butcher
Banks-multinational

Chemical Banking
277 Park Avenue
New York, NY 10172
212-310-6161
CEO: Walter V Shipley
Banks-multinational

Chevron
225 Bush Street
San Francisco, CA 94104-4289
415-894-7700
CEO: Kenneth T Derr
Energy-international oil

Chrysler
PO Box 1919
Detroit, MI 48288-1919
313-956-5741
CEO: Lee A Iacocca
Automotive-autos & trucks

Chubb
PO Box 1615
Warren, NJ 07061-1615
201-580-2000
CEO: Dean R O'Hare
Insurance-property & casualty

Cigna
One Logan Square
Philadelphia, PA 19103
215-523-4000
CEO: Wilson H Taylor
Insurance-diversified
Finance-services

Cincinnati Bell
PO Box 2301
Cincinnati, OH 45201
513-397-9900
CEO: Dwight H Hibbard
Telecommunications-carriers

Cincinnati Financial
PO Box 145496
Cincinnati, OH 45250-5496
513-870-2000
CEO: John J Schiff
Insurance-diversified

Cincinnati Gas & Electric
PO Box 960
Cincinnati, OH 45201-0960
513-381-2000
CEO: Jackson H Randolph
Electric utilities-north central
Natural gas-distributors

Circle K
PO Box 52084
Phoenix, AZ 85072-2084
602-253-9600
CEO: Karl Eller
Food-regional supermarkets

Circuit City Stores
2040 Thalbro Street
Richmond, VA 23230
804-257-4292
CEO: Richard L Sharp
Retailing-miscellaneous

Citadel Holding
600 North Brand Boulevard
Glendale, CA 91203
818-956-7100
CEO: James A Taylor
Banks-thrift institutions

Citicorp
399 Park Avenue
New York, NY 10043
212-559-1000
CEO: John S Reed
Banks-multinational

Citizens & Southern
PO Box 4899
Atlanta, GA 30302-4899
404-581-2121
CEO: Bennett A Brown
Banks-southeast

Citizens Savings Financial
999 Brickell Avenue
Miami, FL 33131
305-577-0400
CEO: Charles B Stuzin
Banks-thrift institutions

Citizens Utilities
PO Box 3801
Stamford, CT 06905
203-329-8800
CEO: Ishier Jacobson
Telecommunications-carriers
Electric utilities-south central

City National
400 North Roxbury Drive
Beverly Hills, CA 90210
213-550-5400
CEO: Bram Goldsmith
Banks-western

CityFed Financial
PO Box 2872
Palm Beach, FL 33480
407-655-5919
CEO: John W Atherton Jr
Banks-thrift institutions

Clorox
1221 Broadway
Oakland, CA 94612
415-271-7000
CEO: Charles R Weaver
Consumer-household & personal products

CMS Energy
330 Town Center Drive
Dearborn, MI 48126
517-788-1030
CEO: William T McCormick Jr
Electric utilities-north central
Natural gas-distributors

CNW
One North Western Center
Chicago, IL 60606
312-559-6199
CEO: Robert Schmiege
Surface transportation-railroads

Coast Savings & Loan Association
1000 Wilshire Boulevard
Los Angeles, CA 90017-2457
213-688-2000
CEO: Ray Martin
Banks-thrift institutions

Coastal Corp
Nine Greenway Plaza
Houston, TX 77046-0995
713-877-1400
CEO: Oscar S Wyatt Jr
Energy-domestic oil, gas & coal
Natural gas-producers & pipeliners

Coca-Cola
PO Drawer 1734
Atlanta, GA 30301
404-676-2121
CEO: Roberto C Goizueta
Beverages & tobacco-soft drinks

Coca-Cola Enterprises
PO Box 1778
Atlanta, GA 30301-1778
404-676-2100
CEO: Brian G Dyson
Beverages & tobacco-soft drinks

Colgate-Palmolive
300 Park Avenue
New York, NY 10022
212-310-2000
CEO: Reuben Mark
Consumer-household & personal products

Colorado National Bankshares
PO Box 5168
Denver, CO 80217
303-629-1968
CEO: Will F Nicholson Jr
Banks-western

Columbia Gas System
20 Montchanin Road
Wilmington, DE 19807
302-429-5000
CEO: John H Croom
Natural gas-integrated

Columbia Pictures Entertainment
711 Fifth Avenue
New York, NY 10022
212-751-4400
CEO: Victor A Kaufman
Leisure-entertainment

Columbia Savings & Loan Association
8840 Wilshire Boulevard
Beverly Hills, CA 90211
213-657-6134
CEO: Thomas Spiegel
Banks-thrift institutions

Where to find The Forbes 500s

Combustion Engineering
PO Box 9308
Stamford, CT 06904
203-329-8771
CEO: Charles E Hugel
Heavy equipment

Comcast
One Belmont Avenue
Bala Cynwyd, PA 19004
215-667-4200
CEO: Ralph J Roberts
Communications-broadcasting & services

Comdisco
6111 North River Road
Rosemont, IL 60018
312-698-3000
CEO: Kenneth N Pontikes
Services & related products-office

Comerica
211 West Fort Street
Detroit, MI 48275
313-222-3300
CEO: Eugene A Miller
Banks-north central

Commerce Bancshares
PO Box 13686
Kansas City, MO 64199-3686
816-234-2000
CEO: David W Kemper
Banks-north central

Commercial Federal
2120 South 72nd Street
Omaha, NE 68124
402-554-9200
CEO: William A Fitzgerald
Banks-thrift institutions

Commonwealth Edison
PO Box 767
Chicago, IL 60690-0767
312-294-4321
CEO: James J O'Connor
Electric utilities-north central

Community Psychiatric Centers
24502 Pacific Park Drive
Laguna Hills, CA 92656
714-831-1166
CEO: James W Conte
Health-services

Compaq Computer
20555 SH 249
Houston, TX 77070
713-370-0670
CEO: Joseph R Canion
Electronics-computers

Computer Associates International
711 Stewart Avenue
Garden City, NY 11530-4787
516-227-3300
CEO: Charles B Wang
Services & related products-office

ConAgra
One Central Park Plaza
Omaha, NE 68102
402-978-4000
CEO: Charles M Harper
Food processors-branded foods

Consolidated Edison
4 Irving Place
New York, NY 10003
212-460-4600
CEO: Arthur Hauspurg
Electric utilities-northeast

Consolidated Freightways
175 Linfield Drive
Menlo Park, CA 94025
415-326-1700
CEO: Lary R Scott
Surface transportation-trucking & leasing

Consolidated Natural Gas
CNG Tower
Pittsburgh, PA 15222-3199
412-227-1000
CEO: George A Davidson Jr
Natural gas-integrated

Consolidated Papers
PO Box 8050
Wisconsin Rapids, WI 54495-8050
715-422-3111
CEO: George W Mead
Paper

Consolidated Rail
Six Penn Center Plaza
Philadelphia, PA 19103-2959
215-977-4000
CEO: Stanley E G Hillman
Surface transportation-railroads

Contel
PO Box 105194
Atlanta, GA 30348
404-391-8000
CEO: Donald W Weber
Telecommunications-carriers

Continental Bank
(formerly Continental Illinois)
231 South LaSalle Street
Chicago, IL 60697
312-828-2345
CEO: Thomas C Theobald
Banks-multinational

Continental Corp
180 Maiden Lane
New York, NY 10038
212-440-3980
CEO: John P Mascotte
Insurance-property & casualty

Control Data
PO Box 0
Minneapolis, MN 55440
612-853-8100
CEO: Robert M Price
Electronics-computers

Cooper Industries
PO Box 4446
Houston, TX 77210
713-739-5400
CEO: Robert Cizik
Heavy equipment
Electrical equipment

Adolph Coors
Golden, CO 80401
303-279-6565
CEO: Jeffrey H Coors
Beverages & tobacco-alcoholic beverages

CoreStates Financial
PO Box 7618
Philadelphia, PA 19101-7618
215-973-3100
CEO: Terrence A Larsen
Banks-mid-Atlantic

Corning Glass Works
Houghton Park
Corning, NY 14831
607-974-9000
CEO: James R Houghton
Health-medical supplies/Consumer-home furnishings/Electronics-equipment

Costco Wholesale
PO Box 97077
Kirkland, WA 98083-9777
206-828-8100
CEO: James D Sinegal
Retailing-miscellaneous

CPC International
PO Box 8000
Englewood Cliffs, NJ 07632
201-894-4000
CEO: James R Eiszner
Food processors-branded foods

Cray Research
608 Second Avenue South
Minneapolis, MN 55402
612-333-5889
CEO: John A Rollwagen
Electronics-computers

Crestar Financial
PO Box 26665
Richmond, VA 23261-6665
804-782-5000
CEO: Richard G Tilghman
Banks-mid-Atlantic

CrossLand Savings FSB
211 Montague Street
Brooklyn, NY 11201
718-780-0400
CEO: Maurice L Reissman
Banks-thrift institutions

Crown Cork & Seal
PO Box 6208
Philadelphia, PA 19136
215-698-5100
CEO: John F Connelly
Packaging

CSX
PO Box C-32222
Richmond, VA 23261
804-782-1400
CEO: Hays T Watkins
Surface transportation-railroads

Cullen/Frost Bankers
PO Box 1600
San Antonio, TX 78296
512-220-4011
CEO: Thomas C Frost
Banks-south central

Cummins Engine
Box 3005
Columbus, IN 47202-3005
812-377-5000
CEO: Henry B Schacht
Automotive-auto parts

Cyprus Minerals
PO Box 3299
Englewood, CO 80155
303-643-5000
CEO: Kenneth J Barr
Energy-domestic oil, gas & coal
Metals-nonferrous

Dana
PO Box 1000
Toledo, OH 43697
419-535-4500
CEO: Gerald B Mitchell
Automotive-auto parts

Dauphin Deposit
213 Market Street
Harrisburg, PA 17101
717-255-2121
CEO: William J King
Banks-mid-Atlantic

Dayton Hudson
777 Nicollet Mall
Minneapolis, MN 55402
612-370-6948
CEO: Kenneth A Macke
Retailing-discount & variety

Dean Foods
3600 North River Road
Franklin Park, IL 60131
312-625-6200
CEO: Howard M Dean
Food processors-branded foods

Deere
John Deere Road
Moline, IL 61265-8098
309-765-8000
CEO: Robert A Hanson
Heavy equipment

Delmarva Power & Light
PO Box 231
Wilmington, DE 19899
302-429-3011
CEO: Nevius M Curtis
Electric utilities-northeast

Delta Air Lines
Hartsfield Atlanta Airport
Atlanta, GA 30320
404-765-2600
CEO: Ronald W Allen
Air transport

Deluxe Corp
PO Box 64399
St Paul, MN 55164-0399
612-483-7111
CEO: Harold V Haverty
Services & related products-office

Deposit Guaranty
PO Box 1200
Jackson, MS 39215-1200
601-354-8564
CEO: Emerson B Robinson Jr
Banks-south central

Detroit Edison
2000 Second Avenue
Detroit, MI 48226
313-237-8000
CEO: Walter J McCarthy Jr
Electric utilities-north central

Diamond Shamrock R&M
PO Box 696000
San Antonio, TX 78269-6000
512-641-6800
CEO: Roger R Hemminghaus
Energy-domestic oil, gas & coal

Digital Equipment
146 Main Street
Maynard, MA 01754-2571
508-493-5111
CEO: Kenneth H Olsen
Electronics-computers

Dillard Department Stores
PO Box 486
Little Rock, AR 72203
501-376-5200
CEO: William T Dillard Sr
Retailing-department stores

Dime Savings Bank of New York FSB
1225 Franklin Avenue
Garden City, NY 11530
516-227-6030
CEO: Harry W Albright Jr
Banks-thrift institutions

Walt Disney
500 South Buena Vista Street
Burbank, CA 91521
818-560-1000
CEO: Michael D Eisner
Leisure-entertainment

Dominion Bankshares
PO Box 13327
Roanoke, VA 24040
703-563-7000
CEO: Warner N Dalhouse
Banks-mid-Atlantic

Dominion Resources
PO Box 26532
Richmond, VA 23261
804-775-5700
CEO: William W Berry
Electric utilities-southeast

RR Donnelley & Sons
2223 Martin Luther King Drive
Chicago, IL 60616-1471
312-326-8000
CEO: John R Walter
Communications-publishing

Dover
277 Park Avenue
New York, NY 10172
212-826-7160
CEO: Gary L Roubos
Conglomerates
Building-commercial & residential

Dow Chemical
2030 Willard H Dow Center
Midland, MI 48674
517-636-1000
CEO: Frank P Popoff
Chemicals-diversified

Dow Jones
200 Liberty Street
New York, NY 10281
212-416-2000
CEO: Warren H Phillips
Communications-publishing

Downey Savings & Loan Assn
PO Box 6000
Newport Beach, CA 92658-6000
714-854-3100
CEO: Gerald H McQuarrie
Banks-thrift institutions

DPL
Courthouse Plaza Southwest
Dayton, OH 45402
513-224-6000
CEO: Peter H Forster
Electric utilities-north central
Natural gas-distributors

Dresser Industries
PO Box 718
Dallas, TX 75221
214-740-6000
CEO: John J Murphy
Energy-oilfield services
Heavy equipment

Dreyfus
767 Fifth Avenue
New York, NY 10153
212-715-6000
CEO: Howard Stein
Finance-services

El du Pont de Nemours
1007 Market Street
Wilmington, DE 19898
302-774-1000
CEO: Edgar S Woolard Jr
Chemicals-diversified
Energy-international oil

Where to find The Forbes 500s

Duke Power
PO Box 33189
Charlotte, NC 28242
704-373-4011
CEO: William S Lee
Electric utilities-southeast

Dun & Bradstreet
299 Park Avenue
New York, NY 10171
212-593-6800
CEO: Charles W Moritz
Communications-publishing

Duquesne Light
One Oxford Centre
Pittsburgh, PA 15279
412-393-6000
CEO: Wesley W von Schack
Electric utilities-north central

E-Systems
PO Box 660248
Dallas, TX 75266-0248
214-661-1000
CEO: David R Tacke
Aerospace & defense

Eastman Kodak
343 State Street
Rochester, NY 14650
716-724-4000
CEO: Colby H Chandler
Leisure-photography

Eaton
Eaton Center
Cleveland, OH 44114-2584
216-523-5000
CEO: James R Stover
Automotive-auto parts
Electronics-equipment

Echlin
100 Double Beach Road
Branford, CT 06405
203-481-5751
CEO: Frederick J Mancheski
Automotive-auto parts

EG&G
45 William Street
Wellesley, MA 02181
617-237-5100
CEO: John M Kucharski
Electronics-equipment

Emerson Electric
PO Box 4100
St Louis, MO 63136
314-553-2000
CEO: Charles F Knight
Electrical equipment

Emhart
PO Box 2730
Hartford, CT 06101
203-678-3000
CEO: Peter L Scott
Electronics-equipment

Empire of America FSB
One Empire Tower
Buffalo, NY 14202-3771
716-845-7000
CEO: Paul A Willax
Banks-thrift institutions

Engelhard
Menlo Park CN-40
Edison, NJ 08818
201-632-6000
CEO: Orin R Smith
Metals-nonferrous
Chemicals-specialized

Enron
PO Box 1188
Houston, TX 77251-1188
713-853-6161
CEO: Kenneth L Lay
Natural gas-producers & pipeliners

Enserch
300 South St Paul Street
Dallas, TX 75201
214-651-8700
CEO: William C McCord
Natural gas-integrated
Building-commercial & residential

Equimark
2 Oliver Plaza
Pittsburgh, PA 15222
412-288-5000
CEO: Alan S Fellheimer
Banks-mid-Atlantic

Equitable Bancorporation
100 South Charles Street
Baltimore, MD 21201-2791
301-547-4000
CEO: H Grant Hathaway
Banks-mid-Atlantic

Esselte Business Systems
71 Clinton Road
Garden City, NY 11530
516-741-3200
CEO: Hans Fristedt
Services & related products-office

Ethyl
PO Box 2189
Richmond, VA 23217
804-788-5000
CEO: Floyd D Gottwald Jr
Chemicals-specialized
Insurance-life & health

Exchange Bancorp
LaSalle & Monroe Streets
Chicago, IL 60603-3499
312-781-8000
CEO: Ira J Kaufman
Banks-north central

Exxon
1251 Avenue of the Americas
New York, NY 10020-1198
212-333-1000
CEO: Lawrence G Rawl
Energy-international oil

Far West Financial
4001 MacArthur Boulevard
Newport Beach, CA 92660
714-833-8383
CEO: Fred Kayne
Banks-thrift institutions

Farm & Home Financial
PO Box 1893
Nevada, MO 64772
417-667-3333
CEO: Donald F Roby
Banks-thrift institutions

Federal Express
PO Box 727
Memphis, TN 38194
901-369-3600
CEO: Frederick W Smith
Air transport

Federal National Mortgage Assn
3900 Wisconsin Avenue NW
Washington, DC 20016-2899
202-752-7000
CEO: David O Maxwell
Finance-services

Federal Paper Board
75 Chestnut Ridge Road
Montvale, NJ 07645
201-391-1776
CEO: John R Kennedy
Paper
Packaging

Fifth Third Bancorp
38 Fountain Square Plaza
Cincinnati, OH 45263
513-579-5300
CEO: Clement L Buenger
Banks-north central

Financial Corp of Santa Barbara
PO Box 1109
Santa Barbara, CA 93102-1109
805-682-2300
CEO: Philip R Brinkerhoff
Banks-thrift institutions

Fireman's Fund
646 Steamboat Road
Greenwich, CT 06830
203-625-5300
CEO: John J Byrne
Insurance-property & casualty

First Alabama Bancshares
PO Box 1448
Montgomery, AL 36102
205-832-8011
CEO: Willard L Hurley
Banks-southeast

First American
First American Center
Nashville, TN 37237
615-748-2100
CEO: Kenneth L Roberts
Banks-southeast

Where to find The Forbes 500s

First Bancorporation of Ohio
106 South Main Street
Akron, OH 44308
216-384-8000
CEO: Howard L Flood
Banks-north central

First Bank System
PO Box 522
Minneapolis, MN 55480
612-370-5100
CEO: Dewalt H Ankeny Jr
Banks-north central

First Capital
PO Box 291
Jackson, MS 39205-0291
601-354-5111
CEO: Frank R Day
Banks-south central

First Capital Holdings
1900 Avenue of the Stars
Los Angeles, CA 90067
213-551-1000
CEO: Robert I Weingarten
Insurance-life & health

First Chicago
One First National Plaza
Chicago, IL 60670
312-732-4000
CEO: Barry F Sullivan
Banks-multinational

First Citizens BancShares
PO Box 151
Raleigh, NC 27602
919-755-7000
CEO: Lewis R Holding
Banks-southeast

First City Bancorp of Texas
1001 Main Street
Houston, TX 77002
713-658-6011
CEO: A Robert Abboud
Banks-south central

First Commerce
PO Box 60279
New Orleans, LA 70160
504-561-1371
CEO: Ian Arnof
Banks-south central

First Empire State
One M&T Plaza
Buffalo, NY 14240
716-842-5445
CEO: Robert G Wilmers
Banks-northeast

First Executive
PO Box 6090
Inglewood, CA 90312-6090
213-312-1000
CEO: Fred Carr
Insurance-life & health

First Federal of Michigan
1001 Woodward Avenue
Detroit, MI 48226
313-965-1400
CEO: James A Aliber
Banks-thrift institutions

First Fidelity Bancorp
550 Broad Street
Newark, NJ 07102
201-565-3200
CEO: Robert R Ferguson Jr
Banks-mid-Atlantic

First Florida Banks
PO Box 1810
Tampa, FL 33601-4016
813-224-1111
CEO: A Bronson Thayer
Banks-southeast

First Hawaiian
PO Box 3200
Honolulu, HI 96847
808-525-7000
CEO: John D Bellinger
Banks-western

First Interstate Bancorp
PO Box 54068
Los Angeles, CA 90054
213-614-3001
CEO: Joseph J Pinola
Banks-western

First National Cincinnati
425 Walnut Street
Cincinnati, OH 45202
513-632-4000
CEO: Oliver W Waddell
Banks-north central

First of America Bank
108 East Michigan Avenue
Kalamazoo, MI 49007
616-383-9000
CEO: Daniel R Smith
Banks-north central

First Pennsylvania
PO Box 7558
Philadelphia, PA 19101-7558
215-786-5000
CEO: George A Butler
Banks-mid-Atlantic

First Security
PO Box 30006
Salt Lake City, UT 84130
801-350-6000
CEO: Spencer F Eccles
Banks-western

First Tennessee National
PO Box 84
Memphis, TN 38101
901-523-4444
CEO: Ronald Terry
Banks-southeast

First Union
Two First Union Center
Charlotte, NC 28288-0570
704-374-6565
CEO: Edward E Crutchfield Jr
Banks-southeast

First Virginia Banks
6400 Arlington Boulevard
Falls Church, VA 22046
703-241-4000
CEO: Robert H Zalokar
Banks-mid-Atlantic

First Wachovia
PO Box 3099
Winston-Salem, NC 27150
919-770-5000
CEO: John G Medlin Jr
Banks-southeast

Firstar (formerly First Wisconsin)
PO Box 532
Milwaukee, WI 53201
414-765-4321
CEO: John H Hendee Jr
Banks-north central

Fleet/Norstar Financial
50 Kennedy Plaza
Providence, RI 02903
401-278-5800
CEO: J Terrence Murray
Banks-northeast

Fleetwood Enterprises
PO Box 7638
Riverside, CA 92523
714-351-3500
CEO: John C Crean
Automotive-autos & trucks
Building-residential

Fleming Cos
PO Box 26647
Oklahoma City, OK 73126-0647
405-840-7200
CEO: E Dean Werries
Food-wholesalers

Florida Federal Savings Bank
PO Box 1509
St Petersburg, FL 33731
813-893-1131
CEO: John W Sapanski
Banks-thrift institutions

Florida National Banks of Florida
PO Box 689
Jacksonville, FL 32201-0689
904-359-5111
CEO: John D Uible
Banks-southeast

Florida Progress
PO Box 33042
St Petersburg, FL 33733
813-894-8141
CEO: Andrew H Hines Jr
Electric utilities-southeast

Where to find The Forbes 500s

Fluor
3333 Michelson Drive
Irvine, CA 92730
714-975-2000
CEO: David S Tappan Jr
Building-commercial & residential

FMC
200 East Randolph Drive
Chicago, IL 60601
312-861-6000
CEO: Robert H Malott
Chemicals-diversified
Aerospace & defense

Food Lion
PO Box 1330
Salisbury, NC 28145-1330
704-633-8250
CEO: Tom E Smith
Food-regional supermarkets

Ford Motor
PO Box 1899
Dearborn, MI 48121
313-322-3000
CEO: Donald E Petersen
Automotive-autos & trucks

Fortune Financial Group
PO Box 6100
Clearwater, FL 34618-6100
813-538-1000
CEO: John B Sweger
Banks-thrift institutions

Fourth Financial
PO Box 4
Wichita, KS 67201-0004
316-261-4444
CEO: Jordan L Haines
Banks-north central

FPL Group
PO Box 088801
North Palm Beach, FL 33408-8801
407-694-6300
CEO: James L Broadhead
Electric utilities-southeast
Insurance-diversified

Freeport-McMoRan
PO Box 61119
New Orleans, LA 70161
504-582-4000
CEO: James R Moffett
Chemicals-specialized

Fruehauf
10900 Harper
Detroit, MI 48213
313-267-1000
CEO: T Neal Combs
Automotive-autos & trucks

Fuqua Industries
4900 Georgia Pacific Center
Atlanta, GA 30303
404-658-9000
CEO: Lawrence P Klamon
Leisure-photography
Consumer-appliances

Gannett
PO Box 7858
Washington, DC 20044
703-284-6000
CEO: John J Curley
Communications-publishing

Gap
PO Box 60
San Bruno, CA 94066
415-952-4400
CEO: Donald G Fisher
Retailing-apparel

Geico
Geico Plaza
Washington, DC 20076
301-986-3000
CEO: William B Snyder
Insurance-property & casualty

GenCorp
175 Ghent Road
Fairlawn, OH 44313-3300
216-869-4200
CEO: A William Reynolds
Aerospace & defense

Genentech
460 Point San Bruno Boulevard
South San Francisco, CA 94080
415-266-1000
CEO: Robert A Swanson
Health-drugs

General Cinema
27 Boylston Street
Chestnut Hill, MA 02167
617-232-8200
CEO: Richard A Smith
Retailing-department stores
Beverages & tobacco-soft drinks

General Dynamics
Pierre Laclede Center
St Louis, MO 63105-1861
314-889-8200
CEO: Stanley C Pace
Aerospace & defense

General Electric
3135 Easton Turnpike
Fairfield, CT 06431
203-373-2211
CEO: John F Welch Jr
Aerospace & defense
Consumer-appliances/Electrical equipment

General Instrument
767 Fifth Avenue
New York, NY 10153-0082
212-207-6200
CEO: Frank G Hickey
Electronics-equipment

General Mills
PO Box 1113
Minneapolis, MN 55440
612-540-2311
CEO: H Brewster Atwater Jr
Food processors-branded foods
Food-restaurant chains

General Motors
3044 West Grand Boulevard
Detroit, MI 48202
313-556-5000
CEO: Roger B Smith
Automotive-autos & trucks

General Public Utilities
100 Interpace Parkway
Parsippany, NJ 07054-1149
201-263-6500
CEO: Standley H Hoch
Electric utilities-northeast

General Re
PO Box 10351
Stamford, CT 06904-2351
203-328-5000
CEO: Ronald E Ferguson
Insurance-diversified

General Signal
PO Box 10010
Stamford, CT 06904
203-357-8800
CEO: Edmund M Carpenter
Heavy equipment
Electronics-equipment/Electrical equipment

Genuine Parts
2999 Circle 75 Parkway
Atlanta, GA 30339
404-953-1700
CEO: Wilton Looney
Automotive-auto parts

Georgia Gulf
PO Box 105197
Atlanta, GA 30348
404-395-4500
CEO: James R Kuse
Chemicals-specialized

Georgia-Pacific
133 Peachtree Street NE
Atlanta, GA 30303
404-521-4000
CEO: T Marshall Hahn Jr
Building-lumber
Paper

Gerber Products
445 State Street
Fremont, MI 49412
616-928-2000
CEO: David W Johnson
Food processors-branded foods
Clothing-apparel & textiles

Giant Food
PO Box 1804
Washington, DC 20013
301-341-4100
CEO: Israel Cohen
Food-regional supermarkets

Gibraltar Financial
9111 Wilshire Boulevard
Beverly Hills, CA 90210-5555
213-278-8720
CEO: James N Thayer
Banks-thrift institutions

Where to find The Forbes 500s

Gillette
Prudential Tower Building
Boston, MA 02199
617-421-7000
CEO: Colman M Mockler Jr
Consumer-household & personal products

PH Glatfelter
228 South Main Street
Spring Grove, PA 17362-0500
717-225-4711
CEO: Thomas C Norris
Paper

GlenFed
PO Box 1709
Glendale, CA 91209
818-500-2000
CEO: Norman M Coulson
Banks-thrift institutions

Golden West Financial
1901 Harrison Street
Oakland, CA 94612
415-446-3420
CEO: Herbert M Sandler
Banks-thrift institutions

Goldome
One Fountain Plaza
Buffalo, NY 14203-1499
716-847-5800
CEO: Ross B Kenzie
Banks-thrift institutions

BF Goodrich
3925 Embassy Parkway
Akron, OH 44313
216-374-2000
CEO: John D Ong
Chemicals-diversified

Goodyear Tire & Rubber
1144 East Market Street
Akron, OH 44316-0001
216-796-2121
CEO: Tom H Barrett
Automotive-auto parts

WR Grace
1114 Avenue of the Americas
New York, NY 10036-7794
212-819-5500
CEO: J Peter Grace
Chemicals-specialized

WW Grainger
5500 West Howard Street
Skokie, IL 60077
312-982-9000
CEO: David W Grainger
Electrical equipment

Great American First Savings
600 B Street
San Diego, CA 92183
619-231-1885
CEO: Gordon C Luce
Banks-thrift institutions

Great American Management & Investment
Two North Riverside Plaza
Chicago, IL 60606
312-648-5656
CEO: Samuel Zell
Chemicals-specialized

Great Atlantic & Pacific Tea
2 Paragon Drive
Montvale, NJ 07645
201-573-9700
CEO: James Wood
Food-major supermarkets

Great Lakes Bancorp FSB
PO Box 8600
Ann Arbor, MI 48107-8600
313-769-8300
CEO: Roy E Weber
Banks-thrift institutions

Great Lakes Chemical
PO Box 2200
West Lafayette, IN 47906
317-497-6100
CEO: Emerson Kampen
Chemicals-specialized

Great Northern Nekoosa
PO Box 5120
Norwalk, CT 06856-5120
203-845-9000
CEO: William R Laidig
Paper

Great Western Financial
8484 Wilshire Boulevard
Beverly Hills, CA 90211
213-852-3411
CEO: James F Montgomery
Banks-thrift institutions

Greater New York Savings Bank
One Penn Plaza
New York, NY 10119
212-613-4000
CEO: Charles J Ohlig
Banks-thrift institutions

Greyhound
Greyhound Tower
Phoenix, AZ 85077
602-248-4000
CEO: John W Teets
Consumer-household & personal products
Automotive-autos & trucks

Grumman
1111 Stewart Avenue
Bethpage, NY 11714-3580
516-575-0574
CEO: John O'Brien
Aerospace & defense

GTE
One Stamford Forum
Stamford, CT 06904
203-965-2000
CEO: James L Johnson
Telecommunications-carriers

Gulf & Western
One Gulf & Western Plaza
New York, NY 10023-7780
212-373-8000
CEO: Martin S Davis
Leisure-entertainment/Finance-services
Communications-publishing

Gulf States Utilities
PO Box 2951
Beaumont, TX 77704
409-838-6631
CEO: E Linn Draper Jr
Electric utilities-south central

Halliburton
500 North Akard Street
Dallas, TX 75201-3391
214-978-2600
CEO: Thomas H Cruikshank
Energy-oilfield services
Building-commercial & residential

MA Hanna
1301 East 9th Street
Cleveland, OH 44114-1824
216-589-4000
CEO: Martin D Walker
Chemicals-specialized

Hanover Insurance Cos
100 North Parkway
Worcester, MA 01605-1396
508-853-7200
CEO: William J O'Brien
Insurance-property & casualty

Harcourt Brace Jovanovich
Orlando, FL 32887
305-345-2000
CEO: Ralph D Caulo
Communications-publishing
Insurance-diversified

Harris Corp
1025 West Nasa Boulevard
Melbourne, FL 32919
407-727-9100
CEO: John T Hartley
Aerospace & defense
Electronics-computers

Hawaiian Electric Industries
PO Box 730
Honolulu, HI 96808-0730
808-543-5662
CEO: C Dudley Pratt Jr
Electric utilities-western

HJ Heinz
PO Box 57
Pittsburgh, PA 15230-0057
412-456-5700
CEO: Anthony J F O'Reilly
Food processors-branded foods

Henley Group
Liberty Lane
Hampton, NH 03842
603-926-5911
CEO: Michael D Dingman
Health-medical supplies

Where to find The Forbes 500s

Hercules
Hercules Plaza
Wilmington, DE 19894
302-594-5000
CEO: David S Hollingsworth
Chemicals-diversified
Aerospace & defense

Hershey Foods
PO Box 810
Hershey, PA 17033-0810
717-534-4000
CEO: Richard A Zimmerman
Food processors-branded foods

Hewlett-Packard
3000 Hanover Street
Palo Alto, CA 94304
415-857-1501
CEO: John A Young
Electronics-computers

Hibernia
PO Box 61540
New Orleans, LA 70161
504-586-5336
CEO: Martin C Miler
Banks-south central

Hillenbrand Industries
Highway 46
Batesville, IN 47006
812-934-7000
CEO: Daniel A Hillenbrand
Health-medical supplies
Consumer-household & personal products

Hills Department Stores
15 Dan Road
Canton, MA 02021-9128
617-821-1000
CEO: Stephen A Goldberger
Retailing-discount & variety

Hilton Hotels
PO Box 5567
Beverly Hills, CA 90209-5567
213-278-4321
CEO: Barron Hilton
Leisure-hotels & gaming

Himont
PO Box 15439
Wilmington, DE 19850-5439
302-996-6000
CEO: Alexander F Giacco
Chemicals-specialized

Holiday
1023 Cherry Road
Memphis, TN 38117
901-762-8600
CEO: Michael D Rose
Leisure-hotels & gaming

Holly Farms
PO Box 17236
Memphis, TN 38187-0236
901-761-3610
CEO: R Lee Taylor II
Food processors-meatpacking

Home Depot
2727 Paces Ferry Road
Atlanta, GA 30339
404-433-8211
CEO: Bernard Marcus
Retailing-miscellaneous

Home Group
59 Maiden Lane
New York, NY 10038
212-530-6800
CEO: Marshall Manley
Insurance-property & casualty
Banks-thrift institutions

HomeFed (formerly Home Federal S&L)
625 Broadway
San Diego, CA 92101
619-699-8000
CEO: Kim Fletcher
Banks-thrift institutions

Homestake Mining
650 California Street
San Francisco, CA 94108-2788
415-981-8150
CEO: Harry M Conger
Metals-nonferrous

Homestead Financial
979 Broadway
Millbrae, CA 94030
415-692-9940
CEO: Lawrence Weissberg
Banks-thrift institutions

Honeywell
PO Box 524
Minneapolis, MN 55440
612-870-5200
CEO: James J Renier
Aerospace & defense/Electronics-equipment
Service & related products-industrial

Geo A Hormel
PO Box 800
Austin, MN 55912
507-437-5611
CEO: Richard L Knowlton
Food processors-meatpacking

Household International
2700 Sanders Road
Prospect Heights, IL 60070
312-564-5000
CEO: Donald C Clark
Finance-services

Houston Industries
PO Box 4567
Houston, TX 77210
713-629-3000
CEO: Don D Jordan
Electric utilities-south central

Howard Savings Bank
200 South Orange Avenue
Livingston, NJ 07039
201-533-7400
CEO: Donald F McCormick
Banks-thrift institutions

Hubbell
PO Box 549
Orange, CT 06477-4024
203-799-4100
CEO: G J Ratcliffe Jr
Electrical equipment

Humana
PO Box 1438
Louisville, KY 40201-1438
502-580-1000
CEO: David A Jones
Health-services

Huntington Bancshares
41 South High Street
Columbus, OH 43287
614-476-8300
CEO: Frank Wobst
Banks-north central

ICH
4211 Norbourne Boulevard
Louisville, KY 40207
502-897-1861
CEO: Robert T Shaw
Insurance-life & health

Illinois Power
500 South 27th Street
Decatur, IL 62525
217-424-6600
CEO: Wendell J Kelley
Electric utilities-north central
Natural gas-distributors

Illinois Tool Works
8501 West Higgins Road
Chicago, IL 60631-2887
312-693-3040
CEO: John D Nichols
Heavy equipment

IMC Fertilizer Group
2315 Sanders Road
Northbrook, IL 60062
312-564-8600
CEO: Billie B Turner
Chemicals-specialized

Imperial Corp of America
PO Box 23036
San Diego, CA 92123-0036
619-292-3900
CEO: Kenneth J Thygerson
Banks-thrift institutions

Independence Bancorp
One Hillendale Road
Perkasie, PA 18944
215-257-2402
CEO: R Roy Hager
Banks-mid-Atlantic

Indiana National
One Indiana Square
Indianapolis, IN 46266
317-266-6000
CEO: Thomas M Miller
Banks-north central

Where to find The Forbes 500s

Ingersoll-Rand
200 Chestnut Ridge Road
Woodcliff Lake, NJ 07675
201-573-0123
CEO: Theodore H Black
Heavy equipment

Inland Steel Industries
30 West Monroe Street
Chicago, IL 60603
312-346-0300
CEO: Frank W Luerssen
Metals-steel

Integra Financial
Four PPG Place
Pittsburgh, PA 15222-5408
412-644-8184
CEO: William F Roemer
Banks-mid-Atlantic

Integrated Resources
666 Third Avenue
New York, NY 10017
212-551-6000
CEO: Arthur H Goldberg
Insurance-life & health
Finance-services

Intel
3065 Bowers Avenue
Santa Clara, CA 95052-8131
408-765-8080
CEO: Andrew S Grove
Electronics-semiconductors

Interco
101 South Hanley Road
St Louis, MO 63105
314-863-1100
CEO: Harvey Saligman
Consumer-home furnishings
Retailing-shoes/Clothing-apparel & textiles

Intergraph
One Madison Industrial Park
Huntsville, AL 35807-4201
205-772-2000
CEO: James W Meadlock
Electronics-computers

International Business Machines
Old Orchard Road
Armonk, NY 10504
914-765-1900
CEO: John F Akers
Electronics-computers

International Flavors & Fragrances
521 West 57th Street
New York, NY 10019
212-765-5500
CEO: Eugene P Grisanti
Chemicals-specialized

International Minerals & Chemical
2315 Sanders Road
Northbrook, IL 60062
312-564-8600
CEO: George D Kennedy
Chemicals-specialized

International Multifoods
Box 2942
Minneapolis, MN 55402
612-340-3300
CEO: Andre Gillet
Food processors-commodities
Food-wholesalers

International Paper
Two Manhattanville Road
Purchase, NY 10577
914-397-1500
CEO: John A Georges
Packaging
Paper

Ipalco Enterprises
PO Box 1595
Indianapolis, IN 46206-1595
317-261-8261
CEO: Zane G Todd
Electric utilities-north central

Itel
2 North Riverside Plaza
Chicago, IL 60606
312-902-1515
CEO: Samuel Zell
Electronics-equipment

ITT
320 Park Avenue
New York, NY 10022
212-752-6000
CEO: Rand V Araskog
Conglomerates
Insurance-diversified

James River Corp of Virginia
PO Box 2218
Richmond, VA 23217
804-644-5411
CEO: Brenton S Halsey
Paper
Packaging

Jefferson-Pilot
PO Box 21008
Greensboro, NC 27420
919-378-2011
CEO: W Roger Soles
Insurance-life & health

Jefferson Smurfit
PO Box 66820
St Louis, MO 63166
314-746-1100
CEO: Michael W J Smurfit
Packaging

Johnson & Johnson
One Johnson & Johnson Plaza
New Brunswick, NJ 08933
201-524-0400
CEO: Ralph S Larsen
Consumer-household & personal products
Health-medical supplies

Johnson Controls
PO Box 591
Milwaukee, WI 53201
414-228-1200
CEO: James H Keyes
Automotive-auto parts
Services & related products-industrial

K mart
3100 West Big Beaver Road
Troy, MI 48084
313-643-1000
CEO: Joseph E Antonini
Retailing-discount & variety

Kansas City Power & Light
PO Box 418679
Kansas City, MO 64141-9679
816-556-2200
CEO: A Drue Jennings
Electric utilities-north central

Kansas Gas & Electric
PO Box 208
Wichita, KS 67201-0208
316-261-6611
CEO: Wilson K Cadman
Electric utilities-north central

Kansas Power & Light
PO Box 889
Topeka, KS 66601
913-296-6300
CEO: David S Black
Natural gas-distributors
Electric utilities-north central

Kellogg
PO Box 3599
Battle Creek, MI 49016-3599
616-961-2000
CEO: William E LaMothe
Food processors-branded foods

Kemper
Kemper Center
Long Grove, IL 60049-0001
312-540-2000
CEO: Joseph E Luecke
Insurance-diversified

Kentucky Utilities
One Quality Street
Lexington, KY 40507
606-255-1461
CEO: John T Newton
Electric utilities-southeast

Kerr-McGee
PO Box 25861
Oklahoma City, OK 73125
405-270-1313
CEO: Frank A McPherson
Energy-domestic oil, gas & coal

KeyCorp
PO Box 88
Albany, NY 12201-0088
518-486-8000
CEO: Victor J Riley Jr
Banks-northeast

Kimberly-Clark
PO Box 619100
Dallas, TX 75261-9100
214-830-1200
CEO: Darwin E Smith
Consumer-household & personal products
Paper

Where to find The Forbes 500s

Kinder-Care
2400 Presidents Drive
Montgomery, AL 36116
205-277-5090
CEO: Perry Mendel
Services & related products-office
Banks-thrift institutions

Knight-Ridder
One Herald Plaza
Miami, FL 33132-1693
305-376-3800
CEO: James K Batten
Communications-publishing

Kroger
1014 Vine Street
Cincinnati, OH 45202-1119
513-762-4000
CEO: Lyle Everingham
Food-major supermarkets

Lafarge
PO Box 4600
Reston, VA 22090
703-264-3600
CEO: Robert W Murdoch
Building-cement & gypsum

Liberty National Bancorp
PO Box 32500
Louisville, KY 40232
502-566-2000
CEO: Frank B Hower Jr
Banks-southeast

Eli Lilly
Lilly Corporate Center
Indianapolis, IN 46285
317-276-2000
CEO: Richard D Wood
Health-drugs

Limited
PO Box 16000
Columbus, OH 43216
614-475-4000
CEO: Leslie H Wexner
Retailing-apparel

LIN Broadcasting
1370 Avenue of the Americas
New York, NY 10019
212-765-1902
CEO: Donald A Pels
Communications-broadcasting & services

Lincoln National
PO Box 1110
Fort Wayne, IN 46801
219-427-2000
CEO: Ian M Rolland
Insurance-diversified

Litton Industries
360 North Crescent Drive
Beverly Hills, CA 90210-4867
213-859-5000
CEO: Orion L Hoch
Aerospace & defense

Liz Claiborne
1441 Broadway
New York, NY 10018
212-354-4900
CEO: Elisabeth C Ortenberg
Clothing-apparel & textiles

Lockheed
4500 Park Granada Boulevard
Calabasas, CA 91399-0610
818-712-2000
CEO: Daniel M Tellep
Aerospace & defense

Loews
667 Madison Avenue
New York, NY 10021-8087
212-545-2000
CEO: Laurence A Tisch
Insurance-diversified
Beverages & tobacco-tobacco

Lomas Financial
(formerly Lomas & Nettleton Financial)
PO Box 655644
Dallas, TX 75265-5644
214-746-7111
CEO: Jess T Hay
Finance-services

Lone Star Technologies
PO Box 35888
Dallas, TX 75235-0888
214-352-3981
CEO: Wm Howard Beasley III
Metals-steel

Long Island Lighting
175 East Old Country Road
Hicksville, NY 11801
516-933-4590
CEO: William J Catacosinos
Electric utilities-northeast

Longs Drug Stores
PO Box 5222
Walnut Creek, CA 94596
415-937-1170
CEO: Robert M Long
Retailing-drugs

Longview Fibre
Box 639
Longview, WA 98632
206-425-1550
CEO: Richard P Wollenberg
Packaging
Paper

Loral
600 Third Avenue
New York, NY 10016
212-697-1105
CEO: Bernard L Schwartz
Aerospace & defense

Louisiana Land & Exploration
PO Box 60350
New Orleans, LA 70160
504-566-6500
CEO: H Leighton Steward
Energy-domestic oil, gas & coal

Louisiana-Pacific
111 Southwest Fifth Avenue
Portland, OR 97204
503-221-0800
CEO: Harry A Merlo
Building-lumber

Louisville Gas & Electric
PO Box 32010
Louisville, KY 40232
502-566-4011
CEO: Robert L Royer
Electric utilities-southeast
Natural gas-distributors

Lowe's Cos
Box 1111
No Wilkesboro, NC 28656-0001
919-651-4000
CEO: Leonard G Herring
Retailing-miscellaneous

LTV
PO Box 65 5003
Dallas, TX 75265-5003
214-979-7711
CEO: Raymond A Hay
Metals-steel
Aerospace & defense

Lubrizol
29400 Lakeland Boulevard
Wickliffe, OH 44092-2298
216-943-4200
CEO: Lester E Coleman
Chemicals-specialized

Mack Trucks
PO Box M
Allentown, PA 18105-5000
215-439-3011
CEO: John B Curcio
Automotive-autos & trucks

Manufacturers Hanover
270 Park Avenue
New York, NY 10017
212-286-6000
CEO: John F McGillicuddy
Banks-multinational

Manufacturers National
Renaissance Center
Detroit, MI 48243
313-222-4000
CEO: Dean E Richardson
Banks-north central

Manville
PO Box 5108
Denver, CO 80217-5108
303-978-2000
CEO: W Thomas Stephens
Building-miscellaneous materials

Mapco
PO Box 645
Tulsa, OK 74101-0645
918-581-1800
CEO: James E Barnes
Energy-domestic oil, gas & coal

Where to find The Forbes 500s

Marion Laboratories
PO Box 8480
Kansas City, MO 64114-0480
816-966-4000
CEO: Fred W Lyons Jr
Health-drugs

Marriott
One Marriott Drive
Washington, DC 20058
301-380-9000
CEO: J Willard Marriott Jr
Food-wholesalers
Leisure-hotels & gaming

Marsh & McLennan Cos
1221 Avenue of the Americas
New York, NY 10020
212-997-2000
CEO: Frank J Tasco
Insurance-brokers

Marshall & Ilsley
770 North Water Street
Milwaukee, WI 53202
414-765-7801
CEO: John A Puelicher
Banks-north central

Martin Marietta
6801 Rockledge Drive
Bethesda, MD 20817
301-897-6000
CEO: Norman R Augustine
Aerospace & defense

Masco
21001 Van Born Road
Taylor, MI 48180
313-274-7400
CEO: Richard A Manoogian
Building-miscellaneous materials

Masco Industries
21001 Van Born Road
Taylor, MI 48180
313-274-7405
CEO: Richard A Manoogian
Automotive-auto parts
Heavy equipment

Maxicare Health Plans
5200 West Century Boulevard
Los Angeles, CA 90045
213-568-9000
CEO: Peter Ratican
Health-services

May Department Stores
611 Olive Street
St Louis, MO 63101
314-342-6300
CEO: David C Farrell
Retailing-department stores

Maytag
403 West Fourth Street North
Newton, IA 50208
515-792-8000
CEO: Daniel J Krumm
Consumer-appliances

MBIA
PO Box 788
White Plains, NY 10602
914-681-1300
CEO: William O Bailey
Finance-services

MCA
100 Universal City Plaza
Universal City, CA 91608
818-777-1000
CEO: Lew R Wasserman
Leisure-entertainment

McCaw Cellular Communications
PO Box 97060
Kirkland, WA 98083-9760
206-827-4500
CEO: Craig O McCaw
Telecommunications-carriers

McDonald's
McDonald's Plaza
Oak Brook, IL 60521
312-575-3000
CEO: Michael R Quinlan
Retailing-miscellaneous

McDonnell Douglas
PO Box 516
St Louis, MO 63166-0516
314-232-0232
CEO: John F McDonnell
Aerospace & defense

McGraw-Hill
1221 Avenue of the Americas
New York, NY 10020
212-512-2000
CEO: Joseph L Dionne
Communications-publishing

MCI Communications
1133 19th Street NW
Washington, DC 20036
202-872-1600
CEO: William G McGowan
Telecommunications-carriers

McKesson
One Post Street
San Francisco, CA 94104
415-983-8300
CEO: Thomas W Field Jr
Health-drugs

MCorp
PO Box 655415
Dallas, TX 75265-5415
214-290-5000
CEO: Gene H Bishop
Banks-south central

Mead
Courthouse Plaza Northeast
Dayton, OH 45463
513-222-6323
CEO: Burnell R Roberts
Paper
Packaging

Medtronic
7000 Central Avenue NE
Minneapolis, MN 55432-3576
612-574-4000
CEO: Winston R Wallin
Health-medical supplies

Mellon Bank
Mellon Bank Center
Pittsburgh, PA 15258
412-234-5000
CEO: Frank V Cahouet
Banks-mid-Atlantic

Melville
3000 Westchester Avenue
Harrison, NY 10528
914-253-8000
CEO: Stanley P Goldstein
Retailing-apparel

Mercantile Bancorporation
PO Box 524
St Louis, MO 63166
314-425-2525
CEO: Thomas H Jacobsen
Banks-north central

Mercantile Bankshares
PO Box 1477
Baltimore, MD 21203
301-237-5900
CEO: H Furlong Baldwin
Banks-mid-Atlantic

Mercantile Stores
128 West 31st Street
New York, NY 10001
212-560-0500
CEO: Leon F Winbigler
Retailing-department stores

Merchants National
One Merchants Plaza
Indianapolis, IN 46255
317-267-7000
CEO: Otto N Frenzel III
Banks-north central

Merck
PO Box 2000
Rahway, NJ 07065-0900
201-574-4000
CEO: P Roy Vagelos
Health-drugs

Meridian Bancorp
PO Box 1102
Reading, PA 19603
215-320-2000
CEO: Samuel A McCullough
Banks-mid-Atlantic

Meritor Financial Group
1212 Market Street
Philadelphia, PA 19107-4076
215-636-6000
CEO: Roger S Hillas
Banks-thrift institutions

Where to find The Forbes 500s

Merrill Lynch
World Financial Center
New York, NY 10281-1332
212-449-1000
CEO: William A Schreyer
Finance-brokerage houses

Mobil
150 East 42nd Street
New York, NY 10017-5666
212-883-4242
CEO: Allen E Murray
Energy-international oil

Multibank Financial
100 Rustcraft Road
Dedham, MA 02026
617-461-1820
CEO: David B Lynch
Banks-northeast

Metro Mobile CTS
110 East 59th Street
New York, NY 10022
212-605-0800
CEO: George L Lindemann
Telecommunications-carriers

Molex
2222 Wellington Court
Lisle, IL 60532-1682
312-969-4550
CEO: Frederick A Krehbiel
Electronics-equipment

Murphy Oil
200 Peach Street
El Dorado, AR 71730
501-862-6411
CEO: Jack W McNutt
Energy-domestic oil, gas & coal

Fred Meyer
PO Box 42121
Portland, OR 97242-0121
503-232-8844
CEO: Frederick M Stevens
Retailing-discount & variety
Food-regional supermarkets

Monarch Capital
One Monarch Place
Springfield, MA 01144
413-781-3000
CEO: Gordon N Oakes Jr
Insurance-life & health

Nalco Chemical
One Nalco Center
Naperville, IL 60566-1024
312-961-9500
CEO: Worley H Clark Jr
Chemicals-specialized

Michigan National
27777 Inkster Road
Farmington Hills, MI 48018
313-473-8600
CEO: Robert J Mylod
Banks-north central

Monsanto
800 North Lindbergh Boulevard
St Louis, MO 63167
314-694-1000
CEO: Richard J Mahoney
Chemicals-diversified

Nash Finch
3381 Gorham Avenue
St Louis Park, MN 55426
612-929-0371
CEO: Harold B Finch Jr
Food-wholesalers

Microsoft
Box 97017
Redmond, WA 98073-9717
206-882-8080
CEO: William H Gates III
Services & related products-office

Moore Financial Group
PO Box 8247
Boise, ID 83733
208-383-7000
CEO: Daniel R Nelson
Banks-western

National City
1900 East Ninth Street
Cleveland, OH 44114-3484
216-575-2000
CEO: Edward B Brandon
Banks-north central

Middle South Utilities
PO Box 61005
New Orleans, LA 70161
504-529-5262
CEO: Edwin Lupberger
Electric utilities-south central

JP Morgan & Co
23 Wall Street
New York, NY 10015
212-483-2323
CEO: Lewis T Preston
Banks-multinational

National Community Banks
113 West Essex Street
Maywood, NJ 07607
201-845-1000
CEO: Robert M Kossick
Banks-mid-Atlantic

Midlantic
PO Box 600
Edison, NJ 08818
201-321-8000
CEO: Robert Van Buren
Banks-mid-Atlantic

Morgan Stanley Group
1251 Avenue of the Americas
New York, NY 10020
212-703-4000
CEO: S Parker Gilbert
Finance-brokerage houses

National Intergroup
20 Stanwix Street
Pittsburgh, PA 15222
412-394-4100
CEO: Howard M Love
Health-drugs

Millipore
80 Ashby Road
Bedford, MA 01730
617-275-9200
CEO: John A Gilmartin
Services & related products-industrial
Health-medical supplies

Morrison Knudsen
PO Box 73
Boise, ID 83707
208-386-8000
CEO: William M Agee
Building-commercial & residential

National Medical Enterprises
11620 Wilshire Boulevard
Los Angeles, CA 90025
213-479-5526
CEO: Richard K Eamer
Health-services

Minnesota Mining & Manufacturing
3M Center
St Paul, MN 55144-1000
612-733-1110
CEO: Allen F Jacobson
Conglomerates

Morton Thiokol
110 North Wacker Drive
Chicago, IL 60606-1560
312-807-2000
CEO: Charles S Locke
Chemicals-specialized
Aerospace & defense

National Semiconductor
PO Box 58090
Santa Clara, CA 95052-8090
408-721-5000
CEO: Charles E Sporck
Electronics-semiconductors

MNC Financial
PO Box 987
Baltimore, MD 21203
301-244-5000
CEO: Alan P Hoblitzell Jr
Banks-mid-Atlantic

Motorola
1303 East Algonquin Road
Schaumburg, IL 60196
312-397-5000
CEO: George M C Fisher
Electronics-equipment

National Service Industries
1180 Peachtree Street NE
Atlanta, GA 30309
404-892-2400
CEO: Sidney Kirschner
Electrical equipment
Services & related products-industrial

Where to find The Forbes 500s

Navistar International
401 North Michigan Avenue
Chicago, IL 60611
312-836-2000
CEO: James C Cotting
Automotive-autos & trucks

NBD Bancorp
611 Woodward Avenue
Detroit, MI 48226
313-225-1000
CEO: Charles T Fisher III
Banks-north central

NCNB
One NCNB Plaza
Charlotte, NC 28255
704-374-5000
CEO: Hugh L McColl Jr
Banks-southeast

NCR
1700 South Patterson Boulevard
Dayton, OH 45479
513-445-5000
CEO: Charles E Exley Jr
Electronics-computers

New England Electric System
25 Research Drive
Westborough, MA 01582
508-366-9011
CEO: John W Rowe
Electric utilities-northeast

New York State Electric & Gas
PO Box 287
Ithaca, NY 14851
607-729-2551
CEO: James A Carrigg
Electric utilities-northeast

New York Times
229 West 43rd Street
New York, NY 10036
212-556-1234
CEO: Arthur Ochs Sulzberger
Communications-publishing

Newmont Mining
1700 Lincoln Street
Denver, CO 80203
303-863-7414
CEO: Gordon R Parker
Metals-nonferrous

Niagara Mohawk Power
300 Erie Boulevard West
Syracuse, NY 13202
315-474-1511
CEO: William J Donlon
Electric utilities-northeast
Natural gas-distributors

Nicor
PO Box 200
Naperville, IL 60566-0200
312-242-4470
CEO: Richard G Cline
Natural gas distributors

NIKE
3900 SW Murray Boulevard
Beaverton, OR 97005
503-641-6453
CEO: Philip H Knight
Clothing-apparel & textiles

Nipsco Industries
5265 Hohman Avenue
Hammond, IN 46320
219-853-5200
CEO: Edmund A Schroer
Electric utilities-north central
Natural gas-distributors

Nordstrom
1501 Fifth Avenue
Seattle, WA 98101-1603
206-628-2111
CEO: Bruce A Nordstrom
Retailing-apparel

Norfolk Southern
Three Commercial Place
Norfolk, VA 23510-2191
804-629-2600
CEO: Arnold B McKinnon
Surface transportation-railroads

Northeast Bancorp
PO Box 700
Stamford, CT 06904-0700
203-348-6211
CEO: Frank J Kugler Jr
Banks-northeast

Northeast Savings FA
50 State House Square
Hartford, CT 06103
203-280-1000
CEO: George P Rutland
Banks-thrift institutions

Northeast Utilities
PO Box 270
Hartford, CT 06141-0270
203-665-5000
CEO: William B Ellis
Electric utilities-northeast

Northern States Power
414 Nicollet Mall
Minneapolis, MN 55401
612-330-5500
CEO: James J Howard
Electric utilities-north central

Northern Trust
50 South LaSalle Street
Chicago, IL 60675
312-630-6000
CEO: Weston R Christopherson
Banks-north central

Northrop
1840 Century Park East
Los Angeles, CA 90067-2199
213-553-6262
CEO: Thomas V Jones
Aerospace & defense

Norton
120 Front Street
Worcester, MA 01608-1446
508-795-5000
CEO: John M Nelson
Heavy equipment

Norwest
Norwest Center
Minneapolis, MN 55479-1016
612-667-1234
CEO: Lloyd P Johnson
Banks-north central

Nucor
4425 Randolph Road
Charlotte, NC 28211
704-366-7000
CEO: F Kenneth Iverson
Metals-steel

NWA
Minneapolis/St Paul Airport
St Paul, MN 55111
612-726-2111
CEO: Steven G Rothmeier
Air transport

NWNL
(formerly Northwestern Natl Life Ins)
20 Washington Avenue South
Minneapolis, MN 55401
612-372-5432
CEO: John E Pearson
Insurance-life & health

Nynex
335 Madison Avenue
New York, NY 10017
212-370-7400
CEO: William C Ferguson
Telecommunications-carriers

Occidental Petroleum
10889 Wilshire Boulevard
Los Angeles, CA 90024
213-443-6500
CEO: Armand Hammer
Energy-international oil/Chemicals-specialized
Natural gas-producers & pipelines

Ogden
Two Pennsylvania Plaza
New York, NY 10121
212-754-4000
CEO: Ralph E Ablon
Services & related products-industrial

Ohio Casualty
136 North Third Street
Hamilton, OH 45025
513-867-3000
CEO: Joseph L Marcum
Insurance-property & casualty

Ohio Edison
76 South Main Street
Akron, OH 44308
216-384-5100
CEO: Justin T Rogers Jr
Electric utilities-north central

Where to find The Forbes 500s

Oklahoma Gas & Electric
PO Box 321
Oklahoma City, OK 73101-0321
405-272-3000
CEO: James G Harlow Jr
Electric utilities-south central

Old Kent Financial
One Vandenberg Center
Grand Rapids, MI 49503
616-771-5000
CEO: John C Canepa
Banks-north central

Old Republic International
307 North Michigan Avenue
Chicago, IL 60601
312-346-8100
CEO: William R Stover
Insurance-diversified

Old Stone
150 South Main Street
Providence, RI 02903
401-278-2000
CEO: Theodore W Barnes
Banks-thrift institutions

Olin
PO Box 1355
Stamford, CT 06904-1355
203-356-2000
CEO: John W Johnstone Jr
Chemicals-diversified

Oracle Systems
20 Davis Drive
Belmont, CA 94002
415-598-8000
CEO: Lawrence J Ellison
Services & related products-office

Outboard Marine
100 Sea-Horse Drive
Waukegan, IL 60085
312-689-6200
CEO: Charles D Strang
Leisure-recreation

Owens-Corning Fiberglas
Fiberglas Tower
Toledo, OH 43659
419-248-8000
CEO: William W Boeschenstein
Building-miscellaneous materials

Paccar
PO Box 1518
Bellevue, WA 98009
206-455-7400
CEO: Charles M Pigott
Automotive-autos & trucks

Pacific Enterprises
801 South Grand Avenue
Los Angeles, CA 90017
213-895-5000
CEO: Paul A Miller
Natural gas-integrated
Retailing-drugs

Pacific First Financial
PO Box 1257
Tacoma, WA 98401
206-383-7605
CEO: Jerry E Pohlman
Banks-thrift institutions

Pacific Gas & Electric
77 Beale Street
San Francisco, CA 94106
415-972-7000
CEO: Richard A Clarke
Electric utilities-western
Natural gas-distributors

Pacific Telesis Group
130 Kearny Street
San Francisco, CA 94108
415-394-3000
CEO: Sam L Ginn
Telecommunications-carriers

PacifiCorp
851 SW Sixth Avenue
Portland, OR 97204
503-464-6000
CEO: Al M Gleason
Electric utilities-western

PaineWebber Group
1285 Avenue of the Americas
New York, NY 10019
212-713-2000
CEO: Donald B Marron
Finance-brokerage houses

Pall
30 Sea Cliff Avenue
Glen Cove, NY 11542
516-671-4000
CEO: Abraham Krasnoff
Aerospace & defense
Health-medical supplies

Pan Am
200 Park Avenue
New York, NY 10166
212-880-1234
CEO: Thomas G Plaskett
Air transport

Panhandle Eastern
PO Box 1642
Houston, TX 77251-1642
713-627-5400
CEO: Robert D Hunsucker
Natural gas-producers & pipeliners

Parker-Hannifin
17325 Euclid Avenue
Cleveland, OH 44112-1290
216-531-3000
CEO: Paul G Schloemer
Heavy equipment
Aerospace & defense

Penn Central
One East Fourth Street
Cincinnati, OH 45202
513-579-6600
CEO: Carl H Lindner
Conglomerates
Telecommunications-manufacturing

JC Penney
PO Box 659000
Dallas, TX 75265-9000
214-591-1924
CEO: William R Howell
Retailing-department stores

Pennsylvania Power & Light
Two North Ninth Street
Allentown, PA 18101-1179
215-770-5151
CEO: Robert K Campbell
Electric utilities-northeast

Pennwalt
Three Parkway
Philadelphia, PA 19102
215-587-7000
CEO: Edwin E Tuttle
Chemicals-diversified

Pennzoil
PO Box 2967
Houston, TX 77252-8200
713-546-4000
CEO: Randal B McDonald
Energy-domestic oil, gas & coal

People's Bank
850 Main Street
Bridgeport, CT 06604
203-338-7433
CEO: David E A Carson
Banks-thrift institutions

Peoples Energy
122 South Michigan Avenue
Chicago, IL 60603-9942
312-431-4000
CEO: Eugene A Tracy
Natural gas-distributors

PepsiCo
700 Anderson Hill Road
Purchase, NY 10577
914-253-2000
CEO: D Wayne Calloway
Beverages & tobacco-soft drinks/Food processors-branded foods/Restaurant chains

Perkin-Elmer
761 Main Avenue
Norwalk, CT 06859-0001
203-762-1000
CEO: Horace G McDonell
Electronics-equipment
Aerospace and defense

Perpetual Financial
(formerly Perpetual Savings Bank FSB)
2034 Eisenhower Avenue
Alexandria, VA 22314
703-838-6000
CEO: Thomas J Owen
Banks-thrift institutions

Pfizer
235 East 42nd Street
New York, NY 10017
212-573-2323
CEO: Edmund T Pratt Jr
Health-drugs

Where to find The Forbes 500s

Phelps Dodge
2600 North Central Avenue
Phoenix, AZ 85004-3014
602-234-8100
CEO: G Robert Durham
Metals-nonferrous

PHH Corp
11333 McCormick Road
Hunt Valley, MD 21031
301-771-1900
CEO: Robert D Kunisch
Services & related products-office

Philadelphia Electric
PO Box 8699
Philadelphia, PA 19101
215-841-4000
CEO: Joseph F Paquette Jr
Electric utilities-northeast

Philip Morris Cos
120 Park Avenue
New York, NY 10017
212-880-5000
CEO: Hamish Maxwell
Beverages & tobacco-tobacco
Food processors-branded foods

Phillips Petroleum
Phillips Building
Bartlesville, OK 74004
918-661-6600
CEO: C J Silas
Energy-domestic oil, gas & coal

PHM Corp
33 Bloomfield Hills Parkway
Bloomfield Hills, MI 48013
313-647-2750
CEO: James Grosfeld
Building-commercial & residential
Finance-services

Pinnacle West Capital
PO Box 52132
Phoenix, AZ 85072-2132
602-234-1142
CEO: Keith L Turley
Electric utilities-western
Banks-thrift institutions

Pioneer Hi-Bred International
400 Locust Street
Des Moines, IA 50309
515-245-3500
CEO: Thomas N Urban
Food processors-commodities

Pitney Bowes
World Headquarters
Stamford, CT 06926-0700
203-356-5000
CEO: George B Harvey
Services & related products-office

Pittston
PO Box 8900
Greenwich, CT 06836-8900
203-622-0900
CEO: Paul W Douglas
Air transport
Coal

PNC Financial
Pittsburgh, PA 15265
412-762-2000
CEO: Thomas H O'Brien
Banks-mid-Atlantic

Polaroid
549 Technology Square
Cambridge, MA 02139
617-577-2000
CEO: I MacAllister Booth
Leisure-photography

Portland General
121 Southwest Salmon Street
Portland, OR 97204
503-464-8820
CEO: Ken L Harrison
Electric utilities-western

Potlatch
PO Box 3591
San Francisco, CA 94119
415-576-8800
CEO: Richard B Madden
Paper
Building-lumber

Potomac Electric Power
1900 Pennsylvania Avenue NW
Washington, DC 20068
202-872-2000
CEO: W Reid Thompson
Electric utilities-northeast

PPG Industries
One PPG Place
Pittsburgh, PA 15272
412-434-3131
CEO: Vincent A Sarni
Automotive-auto parts
Building-miscellaneous materials

Premark International
1717 Deerfield Road
Deerfield, IL 60015
312-405-6000
CEO: Warren L Batts
Consumer-home furnishings

Premier Bancorp
PO Box 1511
Baton Rouge, LA 70821
504-389-4206
CEO: G Lee Griffin
Banks-south central

Premier Industrial
4500 Euclid Avenue
Cleveland, OH 44103
216-391-8300
CEO: Morton L Mandel
Electronics-equipment

Price Co
PO Box 85466
San Diego, CA 92138
619-581-4600
CEO: Robert E Price
Retailing-miscellaneous

Prime Computer
Prime Park
Natick, MA 01760
508-655-8000
CEO: Anthony L Craig
Electronics-computers

Prime Motor Inns
PO Box 2700
Fairfield, NJ 07007-2700
201-882-1010
CEO: Peter E Simon
Leisure-hotels & gaming

Primerica (formerly Commercial Credit)
65 East 55th Street
New York, NY 10022
212-891-8900
CEO: Sanford I Weill
Finance-services

Procter & Gamble
One Procter & Gamble Plaza
Cincinnati, OH 45202
513-983-1100
CEO: John G Smale
Consumer-household & personal products

Progressive
PO Box 5070
Cleveland, OH 44101
216-464-8000
CEO: Peter B Lewis
Insurance-property & casualty

Provident Life & Accident
One Fountain Square
Chattanooga, TN 37402
615-755-1011
CEO: Winston W Walker
Insurance-life & health

PSI Holdings
(formerly Public Service Co of Indiana)
1000 East Main Street
Plainfield, IN 46168
317-839-9611
CEO: Hugh A Barker
Electric utilities-north central

Public Service Co of Colorado
PO Box 840
Denver, CO 80201-0840
303-571-7511
CEO: Delwin D Hock
Electric utilities-western
Natural gas-distributors

Public Service Co of New Hampshire
PO Box 330
Manchester, NH 03105
603-669-4000
CEO: John C Duffett
Electric utilities-northeast

Public Service Enterprise Group
PO Box 1171
Newark, NJ 07101-1171
201-430-7000
CEO: E James Ferland
Electric utilities-northeast
Natural gas-distributors

Where to find The Forbes 500s

Puget Sound Bancorp
PO Box 11500
Tacoma, WA 98411-5050
206-593-3600
CEO: William W Philip
Banks-western

Puget Sound Power & Light
411 108th Avenue NE
Bellevue, WA 98004-5515
206-454-6363
CEO: John W Ellis
Electric utilities-western

Quaker Oats
PO Box 9001
Chicago, IL 60604-9001
312-222-7111
CEO: William D Smithburg
Food processors-branded foods

Quantum Chemical
99 Park Avenue
New York, NY 10016
212-949-5000
CEO: John Hoyt Stookey
Chemicals-diversified
Energy-domestic oil, gas & coal

Ralston Purina
Checkerboard Square
St Louis, MO 63164
314-982-1000
CEO: William P Stiritz
Food processors-branded foods

Raychem
300 Constitution Drive
Menlo Park, CA 94025-1164
415-361-3333
CEO: Paul M Cook
Electrical equipment

Raytheon
141 Spring Street
Lexington, MA 02173
617-862-6600
CEO: Thomas L Phillips
Conglomerates
Aerospace & defense

Reebok International
150 Royall Street
Canton, MA 02021
617-821-2800
CEO: Paul B Fireman
Clothing-apparel & textiles

Reliance Group Holdings
55 East 52nd Street
New York, NY 10055
212-909-1100
CEO: Saul P Steinberg
Insurance-diversified

Republic New York
452 Fifth Avenue
New York, NY 10018
212-525-6000
CEO: Walter H Weiner
Banks-northeast

Rexene
5005 LBJ Freeway
Dallas, TX 75244
214-450-9000
CEO: Andrew J Smith
Chemicals-specialized

Reynolds Metals
PO Box 27003
Richmond, VA 23261-7003
804-281-2000
CEO: William O Bourke
Metals-nonferrous

Riggs National
1503 Pennsylvania Avenue NW
Washington, DC 20005
202-835-6000
CEO: Joe L Allbritton
Banks-mid-Atlantic

Rite Aid
PO Box 3165
Harrisburg, PA 17105
717-761-2633
CEO: Alex Grass
Retailing-drugs

Roadway Services
PO Box 88
Akron, OH 44309-0088
216-384-8184
CEO: Joseph M Clapp
Surface transportation-trucking & leasing

Rochester Community Savings Bank
40 Franklin Street
Rochester, NY 14604
716-262-5800
CEO: Leonard S Simon
Banks-thrift institutions

Rockwell International
2230 East Imperial Highway
El Segundo, CA 90245
213-647-5000
CEO: Donald R Beall
Aerospace & defense

Rohm & Haas
Independence Mall West
Philadelphia, PA 19105
215-592-3000
CEO: J Lawrence Wilson
Chemicals-diversified

Rorer Group
500 Virginia Drive
Fort Washington, PA 19034
215-628-6800
CEO: Robert E Cawthorn
Health-drugs

Rose's Stores
PO Drawer 947
Henderson, NC 27536
919-430-2600
CEO: Lucius H Harvin III
Retailing-discount & variety

Rouse
10275 Little Patuxent Parkway
Columbia, MD 21044
301-992-6000
CEO: Mathias J DeVito
Building-commercial & residential

Rubbermaid
1147 Akron Road
Wooster, OH 44691
216-264-6464
CEO: Stanley C Gault
Consumer-home furnishings

Ryder System
3600 Northwest 82nd Avenue
Miami, FL 33166
305-593-3726
CEO: M Anthony Burns
Surface transportation-trucking & leasing

Safeco
Safeco Plaza
Seattle, WA 98185
206-545-5000
CEO: Bruce Maines
Insurance-diversified

St Paul Bancorp
6700 West North Avenue
Chicago, IL 60635
312-622-5000
CEO: Joseph C Scully
Banks-thrift institutions

St Paul Cos
385 Washington Street
St Paul, MN 55102
612-221-7911
CEO: Robert J Haugh
Insurance-property & casualty

Salomon
One New York Plaza
New York, NY 10004
212-747-7000
CEO: John H Gutfreund
Finance-brokerage houses

San Diego Gas & Electric
PO Box 1831
San Diego, CA 92112
619-696-2000
CEO: Thomas A Page
Electric utilities-western

Santa Fe Southern Pacific
224 South Michigan Avenue
Chicago, IL 60604-2401
312-786-6000
CEO: Robert D Krebs
Surface transportation-railroads

Sara Lee
Three First National Plaza
Chicago, IL 60602-4260
312-726-2600
CEO: John H Bryan Jr
Food processors-branded foods

Where to find The Forbes 500s

Scana
1426 Main Street
Columbia, SC 29218
803-748-3000
CEO: John A Warren
Electric utilities-southeast
Natural gas-distributors

SCEcorp (formerly Southern California Edison)
PO Box 999
Rosemead, CA 91770
818-302-1212
CEO: Howard P Allen
Electric utilities-western

Schering-Plough
One Giralda Farms
Madison, NJ 07940-1000
201-822-7000
CEO: Robert P Luciano
Health-drugs
Consumer-household & personal products

Scott Paper
Scott Plaza
Philadelphia, PA 19113
215-522-5000
CEO: Philip E Lippincott
Consumer-household & personal products
Paper

EW Scripps
PO Box 5380
Cincinnati, OH 45201
513-977-3000
CEO: Lawrence A Leser
Communications-publishing

Seamen's
30 Wall Street
New York, NY 10005
212-428-4500
CEO: Robert K Utley III
Banks-thrift institutions

Sears, Roebuck
Sears Tower
Chicago, IL 60684
312-875-2500
CEO: Edward A Brennan
Retailing-department stores
Insurance-diversified

Security Capital
1290 Avenue of the Americas
New York, NY 10104
212-408-2900
CEO: Thomas J Gochberg
Banks-thrift institutions

Security Pacific
333 South Hope Street
Los Angeles, CA 90071
213-345-6211
CEO: Richard J Flamson III
Banks-western

Sequa
200 Park Avenue
New York, NY 10166
212-986-5500
CEO: Norman E Alexander
Aerospace & defense

Service Merchandise
PO Box 24600
Nashville, TN 37202-4600
615-251-6666
CEO: Raymond Zimmerman
Retailing-miscellaneous

SFFed Corp
(formerly San Francisco Federal S&L)
88 Kearny Street
San Francisco, CA 94108
415-955-5800
CEO: Patrick H Price
Banks-thrift institutions

Shawmut National
777 Main Street
Hartford, CT 06115
203-728-2000
CEO: Joel B Alvord
Banks-northeast

Sherwin-Williams
101 Prospect Avenue NW
Cleveland, OH 44115-1075
216-566-2000
CEO: John G Breen
Retailing-miscellaneous
Chemicals-specialized

Sigma-Aldrich
3050 Spruce Street
St Louis, MO 63103
314-771-5765
CEO: Carl T Cori
Chemicals-specialized

Signet Banking
PO Box 25970
Richmond, VA 23260
804-747-2000
CEO: Frederick Deane Jr
Banks-mid-Atlantic

SmithKline Beckman
PO Box 7929
Philadelphia, PA 19101
215-751-4000
CEO: Henry Wendt
Health-drugs

Snap-on Tools
2801 80th Street
Kenosha, WI 53141-1410
414-656-5200
CEO: Marion F Gregory
Automotive-auto parts

Society
800 Superior Avenue
Cleveland, OH 44114
216-689-3000
CEO: Robert W Gillespie
Banks-north central

Society for Savings
PO Box 2200
Hartford, CT 06145-2200
203-727-5000
CEO: Elliott C Miller
Banks-thrift institutions

Sonat
PO Box 2563
Birmingham, AL 35202-2563
205-325-3800
CEO: Ronald L Kuehn Jr
Natural gas-producers & pipeliners

Sonoco Products
PO Box 160
Hartsville, SC 29550-0160
803-383-7000
CEO: Charles W Coker Jr
Packaging

South Carolina National
1426 Main Street
Columbia, SC 29226-0001
803-765-3000
CEO: James G Lindley
Banks-southeast

Southeast Banking
One Southeast Financial Center
Miami, FL 33131
305-375-7500
CEO: Charles J Zwick
Banks-southeast

Southern Company
64 Perimeter Center East
Atlanta, GA 30346
404-393-0650
CEO: Edward L Addison
Electric utilities-southeast

Southern New England Telecommunications
PO Box 1562
New Haven, CT 06506
203-771-5200
CEO: Walter H Monteith Jr
Telecommunications-carriers

Southmark
1601 LBJ Freeway
Dallas, TX 75234
214-241-8787
CEO: Arthur G Weiss
Finance-services
Insurance-life & health

SouthTrust
PO Box 2554
Birmingham, AL 35290
205-254-5680
CEO: Wallace D Malone Jr
Banks-southeast

Southwest Gas
PO Box 98510
Las Vegas, NV 89193-8510
702-876-7011
CEO: Kenny C Guinn
Natural gas-distributors
Banks-thrift institutions

Southwestern Bell
One Bell Center
St Louis, MO 63101-3099
314-235-9800
CEO: Zane E Barnes
Telecommunications-carriers

Where to find The Forbes 500s

Southwestern Public Service
PO Box 1261
Amarillo, TX 79170
806-378-2121
CEO: W R Esser
Electric utilities-south central

Sovran Financial
One Commercial Place
Norfolk, VA 23510
804-441-4000
CEO: Albert B Gornto Jr
Banks-mid-Atlantic

Spiegel
1515 West 22nd Street
Oak Brook, IL 60522
312-986-8800
CEO: John J Shea
Retailing-miscellaneous

Springs Industries
PO Box 70
Fort Mill, SC 29715
803-547-3650
CEO: Walter Y Elisha
Consumer-home furnishings
Clothing-textiles manufacturer

Square D
Executive Plaza
Palatine, IL 60067
312-397-2600
CEO: Jerre L Stead
Electrical equipment

Squibb
PO Box 4000
Princeton, NJ 08543-4000
609-921-4000
CEO: Richard M Furlaud
Health-drugs

Standard Federal Bank
2401 West Big Beaver Road
Troy, MI 48084
313-643-9600
CEO: Thomas R Ricketts
Banks-thrift institutions

Stanley Works
PO Box 7000
New Britain, CT 06050
203-225-5111
CEO: Richard H Ayers
Heavy equipment
Consumer-appliances

State Street Boston
Box 351
Boston, MA 02101
617-786-3000
CEO: William S Edgerly
Banks-northeast

Sterling Chemicals
333 Clay Street
Houston, TX 77002
713-650-3700
CEO: J Virgil Waggoner
Chemicals-specialized

Stone Container
150 North Michigan Avenue
Chicago, IL 60601-7568
312-346-6600
CEO: Roger W Stone
Packaging
Paper

Student Loan Marketing Assn
1050 Thomas Jefferson Street NW
Washington, DC 20007
202-333-8000
CEO: Edward A Fox
Finance-services

Subaru of America
PO Box 6000
Cherry Hill, NJ 08034-6000
609-488-8500
CEO: Harvey H Lamm
Automotive-autos & trucks

Sumitomo Bank of California
320 California Street
San Francisco, CA 94104
415-445-8000
CEO: Keizo Yoshida
Banks-western

Summit Bancorp
367 Springfield Avenue
Summit, NJ 07901
201-522-8400
CEO: Thomas D Sayles Jr
Banks-mid-Atlantic

Sun Company
100 Matsonford Road
Radnor, PA 19087-4597
215-293-6000
CEO: Robert McClements Jr
Energy-domestic oil, gas & coal

Sun Exploration & Production
5656 Blackwell
Dallas, TX 75231
214-890-6000
CEO: Robert P Hauptfuhrer
Energy-domestic oil, gas & coal

Sun Microsystems
2550 Garcia Avenue
Mountain View, CA 94043
415-960-1300
CEO: Scott G McNealy
Electronics-computers

SunTrust Banks
PO Box 4418
Atlanta, GA 30302
404-588-7455
CEO: Robert Strickland
Banks-southeast

Sunwest Financial Service
PO Box 25500
Albuquerque, NM 87125-0500
505-765-2403
CEO: George S Jenks
Banks-western

Super Food Services
Kettering Box 2323
Dayton, OH 45429
513-294-1731
CEO: Jack Twyman
Food-wholesalers

Super Valu Stores
PO Box 990
Minneapolis, MN 55440
612-828-4000
CEO: Michael W Wright
Food-wholesalers

Sysco
1390 Enclave Parkway
Houston, TX 77077-2027
713-584-1390
CEO: John F Woodhouse
Food-wholesalers

Talman Home Federal S&L of Illinois
30 West Monroe Street
Chicago, IL 60603
312-726-8915
CEO: Theodore H Roberts
Banks-thrift institutions

Tambrands
One Marcus Avenue
Lake Success, NY 11042
516-358-8300
CEO: E Russell Sprague
Consumer-household & personal products

Tandem Computers
19333 Vallco Parkway
Cupertino, CA 95014-2599
408-725-6000
CEO: James G Treybig
Electronics-computers

Tandy
PO Box 17180
Fort Worth, TX 76102
817-390-3700
CEO: John V Roach
Retailing-miscellaneous

TCF Financial
801 Marquette Avenue
Minneapolis, MN 55402
612-370-7000
CEO: William A Cooper
Banks-thrift institutions

TECO Energy
PO Box 111
Tampa, FL 33601
813-228-4111
CEO: Hugh L Culbreath
Electric utilities-southeast

Where to find The Forbes 500s

Tektronix
PO Box 500
Beaverton, OR 97077
503-627-7111
CEO: David P Friedley
Electronics-equipment

Tele-Communications
PO Box 5630
Denver, CO 80217
303-721-5500
CEO: John C Malone
Communications-broadcasting & services
Leisure-entertainment

Teledyne
1901 Avenue of the Stars
Los Angeles, CA 90067
213-277-3311
CEO: George A Roberts
Conglomerates
Aerospace & defense/Insurance-diversified

Temple-Inland
Drawer N
Diboll, TX 75941
409-829-5511
CEO: Clifford J Grum
Packaging
Building-miscellaneous materials

Tenneco
PO Box 2511
Houston, TX 77252-2511
713-757-2131
CEO: James L Ketelsen
Conglomerates
Natural gas-producers & pipeliners

Texaco
2000 Westchester Avenue
White Plains, NY 10650
914-253-4000
CEO: James W Kinnear
Energy-international oil

Texas Air
333 Clay Street
Houston, TX 77002
713-658-9588
CEO: Francisco A Lorenzo
Air transport

Texas American Bancshares
PO Box 2050
Fort Worth, TX 76113
817-884-4000
CEO: Joseph M Grant
Banks-south central

Texas Eastern
PO Box 2521
Houston, TX 77252-2521
713-759-3131
CEO: Dennis R Hendrix Jr
Natural gas-producers & pipeliners

Texas Instruments
PO Box 655474
Dallas, TX 75265
214-995-2011
CEO: Jerry R Junkins
Electronics-semiconductors
Aerospace & defense

Texas Utilities
2001 Bryan Tower
Dallas, TX 75201
214-812-4600
CEO: Jerry S Farrington
Electric utilities-south central

Textron
40 Westminster Street
Providence, RI 02903
401-421-2800
CEO: Beverly F Dolan
Conglomerates
Aerospace & defense

Time Inc
Rockefeller Center
New York, NY 10020
212-522-1212
CEO: J Richard Munro
Communications-publishing

Times Mirror
Times Mirror Square
Los Angeles, CA 90053
213-237-3700
CEO: Robert F Erburu
Communications-publishing

Timken
1835 Dueber Avenue SW
Canton, OH 44706-2798
216-438-3000
CEO: William R Timken Jr
Heavy equipment
Metals-steel

Torchmark
2001 Third Avenue South
Birmingham, AL 35233
205-325-4200
CEO: Ronald K Richey
Insurance-life & health

Toys "R" Us
461 From Road
Paramus, NJ 07652
201-262-7800
CEO: Charles Lazarus
Retailing-miscellaneous

Transamerica
600 Montgomery Street
San Francisco, CA 94111
415-983-4000
CEO: James R Harvey
Insurance-diversified

Transco Energy
PO Box 1396
Houston, TX 77251
713-439-2000
CEO: George S Slocum
Natural gas-producers & pipeliners

Travelers
One Tower Square
Hartford, CT 06183
203-277-0111
CEO: Edward H Budd
Insurance-diversified

Tribune
435 North Michigan Avenue
Chicago, IL 60611
312-222-9100
CEO: Stanton R Cook
Communications-publishing

Trinova
1705 Indian Wood Circle
Maumee, OH 43537
419-891-2200
CEO: Darryl F Allen
Heavy equipment

Trustcorp
PO Box 10099
Toledo, OH 43699-0099
419-259-8598
CEO: Chester Devenow
Banks-north central

TRW
1900 Richmond Road
Cleveland, OH 44124
216-291-7000
CEO: Joseph T Gorman
Aerospace & defense
Automotive-auto parts

Tucson Electric Power
PO Box 711
Tucson, AZ 85702
602-622-6661
CEO: Einar Greve
Electric utilities-western

Turner Corp
633 Third Avenue
New York, NY 10017
212-878-0400
CEO: Alfred T McNeill
Building-commercial & residential

TW Services
PO Box 904
Paramus, NJ 07653-0904
201-712-0500
CEO: Frank L Salizzoni
Food-wholesalers

Tyco Laboratories
One Tyco Park
Exeter, NH 03833
603-778-9700
CEO: John F Fort
Building-miscellaneous materials

Tyson Foods
PO Drawer E
Springdale, AR 72764
501-756-4000
CEO: Don Tyson
Food processors-meatpacking

UAL (formerly Allegis)
PO Box 66919
Chicago, IL 60666
312-952-4000
CEO: Stephen M Wolf
Air transport

Union Bank (formerly California First Bank)
350 California Street
San Francisco, CA 94104-1476
415-445-0200
CEO: Seishichi Itoh
Banks-western

Union Camp
1600 Valley Road
Wayne, NJ 07470
201-628-2000
CEO: Raymond E Cartledge
Paper
Packaging

Union Carbide
39 Old Ridgebury Road
Danbury, CT 06817-0001
203-794-2000
CEO: Robert D Kennedy
Chemicals-diversified

Union Electric
PO Box 149
St Louis, MO 63166
314-621-3222
CEO: William E Cornelius
Electric utilities-north central

Union Pacific
Eighth & Eaton Avenues
Bethlehem, PA 18018
215-861-3200
CEO: Andrew L Lewis Jr
Surface transportation-railroads

Union Planters
67 Madison Avenue
Memphis, TN 38103
901-523-6000
CEO: Benjamin W Rawlins Jr
Banks-southeast

Union Texas Petroleum Holdings
PO Box 2120
Houston, TX 77252-2120
713-623-6544
CEO: A Clark Johnson
Energy-domestic oil, gas & coal

Unisys
PO Box 500
Blue Bell, PA 19424-0001
215-542-4011
CEO: W Michael Blumenthal
Electronics-computers

United Artists Communications
2930 East Third Avenue
Denver, CO 80206
303-321-4242
CEO: Stuart D Blair
Leisure-entertainment
Communications-broadcasting & services

United Banks of Colorado
1700 Lincoln Street
Denver, CO 80274-0010
303-861-4700
CEO: N Berne Hart
Banks-western

United Brands
250 East Fifth Street
Cincinnati, OH 45202
513-579-2115
CEO: Carl H Lindner
Food processors-meatpacking

United Cable Television
4700 South Syracuse Parkway
Denver, CO 80237
303-779-5999
CEO: Gene W Schneider
Communications-broadcasting & services

United Illuminating
80 Temple Street
New Haven, CT 06506
203-787-7200
CEO: George W Edwards Jr
Electric utilities-northeast

United Jersey Banks
PO Box 2066
Princeton, NJ 08543-2066
609-987-3200
CEO: T Joseph Semrod
Banks-mid-Atlantic

United Missouri Bancshares
PO Box 419226
Kansas City, MO 64141-6226
816-556-7000
CEO: R Crosby Kemper
Banks-north central

US Bancorp
PO Box 8837
Portland, OR 97208
503-225-6111
CEO: Roger L Breezley
Banks-western

US Shoe
One Eastwood Drive
Cincinnati, OH 45227
513-527-7000
CEO: Philip G Barach
Retailing-apparel
Clothing-shoes manufacturer

US Trust
45 Wall Street
New York, NY 10005
212-806-4500
CEO: Daniel P Davison
Banks-northeast

United Technologies
One Financial Plaza
Hartford, CT 06101
203-728-7000
CEO: Robert F Daniell
Aerospace & defense
Building-commercial & residential

United Telecommunications
PO Box 11315
Kansas City, MO 64112
913-676-3000
CEO: William T Esrey
Telecommunications-carriers

Universal
PO Box 25099
Richmond, VA 23260
804-359-9311
CEO: Henry H Harrell
Beverages & tobacco-tobacco
Finance-commodity traders

Unocal
PO Box 7600
Los Angeles, CA 90051
213-977-7600
CEO: Richard J Stegemeier
Energy-domestic oil, gas & coal

UNUM Corp
2211 Congress Street
Portland, ME 04122
207-770-2211
CEO: James F Orr III
Insurance-life & health

Upjohn
7000 Portage Road
Kalamazoo, MI 49001
616-323-4000
CEO: Theodore Cooper
Health-drugs

US West
7800 East Orchard Road
Englewood, CO 80111
303-793-6500
CEO: Jack A MacAllister
Telecommunications-carriers

USAir Group
2345 Crystal Drive
Arlington, VA 22227
703-892-7000
CEO: Edwin I Colodny
Air transport

USF&G
100 Light Street
Baltimore, MD 21202
301-547-3000
CEO: Jack Moseley
Insurance-property & casualty

USG
101 South Wacker Drive
Chicago, IL 60606-4385
312-606-4000
CEO: Robert J Day
Building-cement & gypsum

USLife
125 Maiden Lane
New York, NY 10038
212-709-6000
CEO: Gordon E Crosby Jr
Insurance-life & health

UST Inc
100 West Putnam Avenue
Greenwich, CT 06830
203-661-1100
CEO: Louis F Bantle
Beverages & tobacco-tobacco

Where to find The Forbes 500s

USX
600 Grant Street
Pittsburgh, PA 15219-4776
412-433-1121
CEO: Charles A Corry
Energy-domestic oil, gas & coal
Metals-steel

Valhi
5430 LBJ Freeway
Dallas, TX 75240-2697
214-386-4110
CEO: Harold C Simmons
Energy-oilfield services

Valley Bancorp
PO Box 1061
Appleton, WI 54912-1061
414-738-3830
CEO: Peter M Platten III
Banks-north central

Valley Federal Savings & Loan Assn
6842 Van Nuys Boulevard
Van Nuys, CA 91405
818-904-3000
CEO: Dan E Nelms
Banks-thrift institutions

Valley National
PO Box 71
Phoenix, AZ 85001
602-261-2900
CEO: Gerald H Lipkin
Banks-western

VF
PO Box 1022
Reading, PA 19603
215-378-1151
CEO: Lawrence R Pugh
Clothing-apparel & textiles

Viacom
1211 Avenue of the Americas
New York, NY 10036
212-575-5175
CEO: Frank J Biondi Jr
Communications-broadcasting & services

Vista Chemical
PO Box 19029
Houston, TX 77224
713-531-3200
CEO: John D Burns
Chemicals-specialized

Vons Cos
PO Box 3338 Terminal Annex
Los Angeles, CA 90051
818-579-1400
CEO: Roger E Stangeland
Food-regional supermarkets

Vulcan Materials
PO Box 7497
Birmingham, AL 35253-0497
205-877-3000
CEO: Herbert A Sklenar
Building-miscellaneous materials
Chemicals-specialized

Wal-Mart Stores
702 Southwest 8th Street
Bentonville, AR 72716
501-273-4000
CEO: David D Glass
Retailing-discount & variety

Walgreen
200 Wilmot Road
Deerfield, IL 60015
312-940-2500
CEO: Charles R Walgreen III
Retailing-drugs

Wang Laboratories
One Industrial Avenue
Lowell, MA 01851
508-459-5000
CEO: An Wang
Electronics-computers

Warner Communications
75 Rockefeller Plaza
New York, NY 10019
212-484-8000
CEO: Steven J Ross
Leisure-entertainment

Warner-Lambert
201 Tabor Road
Morris Plains, NJ 07950
201-540-2000
CEO: Joseph D Williams
Health-drugs

Washington Mutual Savings Bank
1101 Second Avenue
Seattle, WA 98101
206-464-4400
CEO: Louis H Pepper
Banks-thrift institutions

Washington Post
1150 15th Street N W
Washington, DC 20071
202-334-6000
CEO: Katharine Graham
Communications-publishing

Waste Management
3003 Butterfield Road
Oak Brook, IL 60521
312-572-8800
CEO: Dean L Buntrock
Services & related products-industrial

Weis Markets
1000 South Second Street
Sunbury, PA 17801-0471
717-286-4571
CEO: Sigfried Weis
Food-regional supermarkets

Wells Fargo
420 Montgomery Street
San Francisco, CA 94163
415-477-1000
CEO: Carl E Reichardt
Banks-western

West Point-Pepperell
PO Box 71
West Point, GA 31833
404-645-4000
CEO: Joseph L Lanier Jr
Clothing-apparel & textiles

Western Capital Investment
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Denver, CO 80202
303-623-5577
CEO: Junius F Baxter
Banks-thrift institutions

Western Savings & Loan Association
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602-248-4600
CEO: A Milton Whiting
Banks-thrift institutions

Westinghouse Electric
Gateway Center
Pittsburgh, PA 15222
412-244-2000
CEO: John C Marous
Electrical equipment
Aerospace & defense

Westvaco
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New York, NY 10171
212-688-5000
CEO: John A Luke
Paper

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Hazelwood, MO 63042
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CEO: Ted C Wetterau
Food-wholesalers

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Building-lumber
Paper

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Wheeling, WV 26003
304-234-2400
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Metals-steel

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Benton Harbor, MI 49022-2692
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CEO: David R Whitwam
Consumer-appliances

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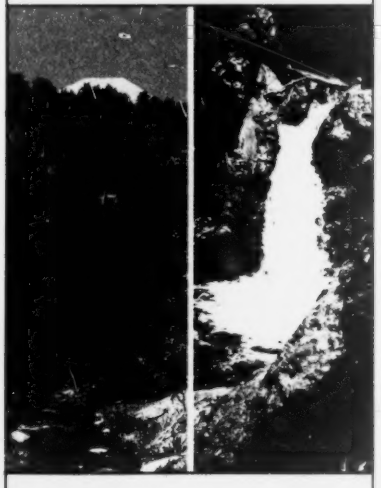
The Rio Grande Cutthroat Trout are biting at Forbes Magazine's 400-square-mile Trinchera Ranch in the Colorado Rockies—and you're invited to try your luck.



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Retailing-discount & variety

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Santa Monica, CA 90405
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CEO: James R Birle
Automotive-auto parts
Retailing-miscellaneous

Worthington Industries
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614-438-3210
CEO: John H McConnell
Metals-steel

Willamette Industries
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503-227-5581
CEO: William Swindells Jr
Paper
Building-lumber

Wm Wrigley Jr
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Chicago, IL 60611
312-644-2121
CEO: William Wrigley
Food processors-branded foods

Williams Cos
One Williams Center
Tulsa, OK 74172
918-588-2000
CEO: Joseph H Williams
Natural gas-producers & pipelines

Xerox
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Stamford, CT 06904
203-968-3000
CEO: David T Kearns
Services & related products-office
Insurance-property & casualty

Wilmington Trust
Rodney Square North
Wilmington, DE 19890
302-651-1000
CEO: Bernard J Taylor II
Banks-mid-Atlantic

Yellow Freight System
PO Box 7563
Overland Park, KS 66207
913-345-1020
CEO: George E Powell Jr
Surface transportation-trucking & leasing

Winn-Dixie Stores
PO Box B
Jacksonville, FL 32203-0297
904-783-5000
CEO: A Dano Davis
Food-major supermarkets

Zayre
770 Cochituate Road
Framingham, MA 01701
508-390-2000
CEO: Maurice Segall
Retailing-apparel

Wisconsin Energy
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Milwaukee, WI 53201
414-221-2345
CEO: Charles S McNeer
Electric utilities-north central

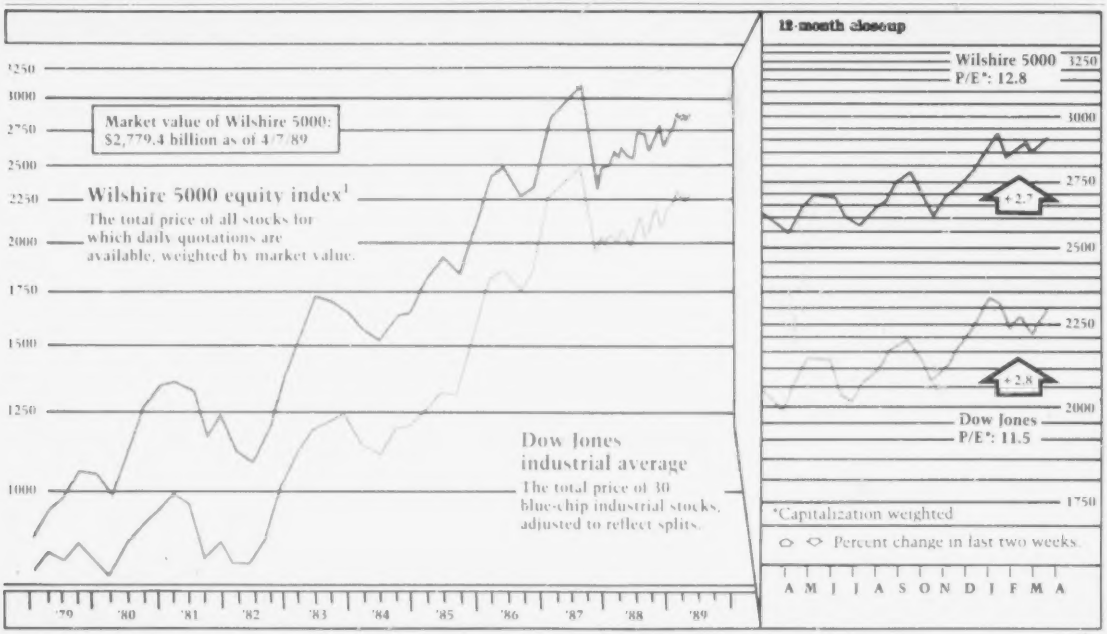
Zenith Electronics
1000 Milwaukee Avenue
Glenview, IL 60025
312-391-7000
CEO: Jerry K Pearlman
Electronics-computers
Consumer-appliances

Witco
520 Madison Avenue
New York, NY 10022-4236
212-605-3800
CEO: William Wishnick
Chemicals-specialized

Zions Bancorporation
1380 Kennecott Building
Salt Lake City, UT 84133
801-524-4787
CEO: Roy W Simmons
Banks-western

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Mountain climbing. In the last two weeks the Dow gained 2.8% and nudged back over 2300. The Commerce Department reported a decline in 8 of 11 leading economic indicators. So the Federal Reserve's tightening moves appear to be slowing down the economy, and this has dampened investors' fears about inflation. Wall Street may wait to see further closing of the gap between stocks and fixed-income investments in order for stocks to climb much above current levels. The Dow sells for 11.5 times latest 12-month earnings, which gives it an earnings yield (earnings divided by price) of 8.7%. But the risk-free rate on three-month T bills is 9%.

Institutions typically do not invest in low-priced stocks. The market in cheap issues is maintained by small investors. Over the last 52 weeks, however, low-priced stocks had few supporters as shares priced under $4 fell 4.8%. Stocks over $34 rose 16.1%, versus a 10% gain for the whole market, as measured by the Wilshire index.

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	1.3	1.8	1.0	1.3	0.5	1.2
in last 52 weeks	10.0	9.3	10.3	9.8	10.0	7.6

Stock performance based on six key investor yardsticks[3]

Percent change	Company size		Volatility[4]		P/E multiple		Dividend yield		Growth profile[5]		Share price	
	large	small	high	low	over 21	under 8	over 4.5%	none	high	low	over $34	under $4
in last 4 weeks	1.7	–0.2	0.1	0.5	0.6	0.5	–0.6	1.2	0.0	0.8	1.4	–0.6
in last 52 weeks	11.9	10.0	7.0	4.2	20.6	9.3	–0.2	12.4	7.0	9.6	16.1	–4.8

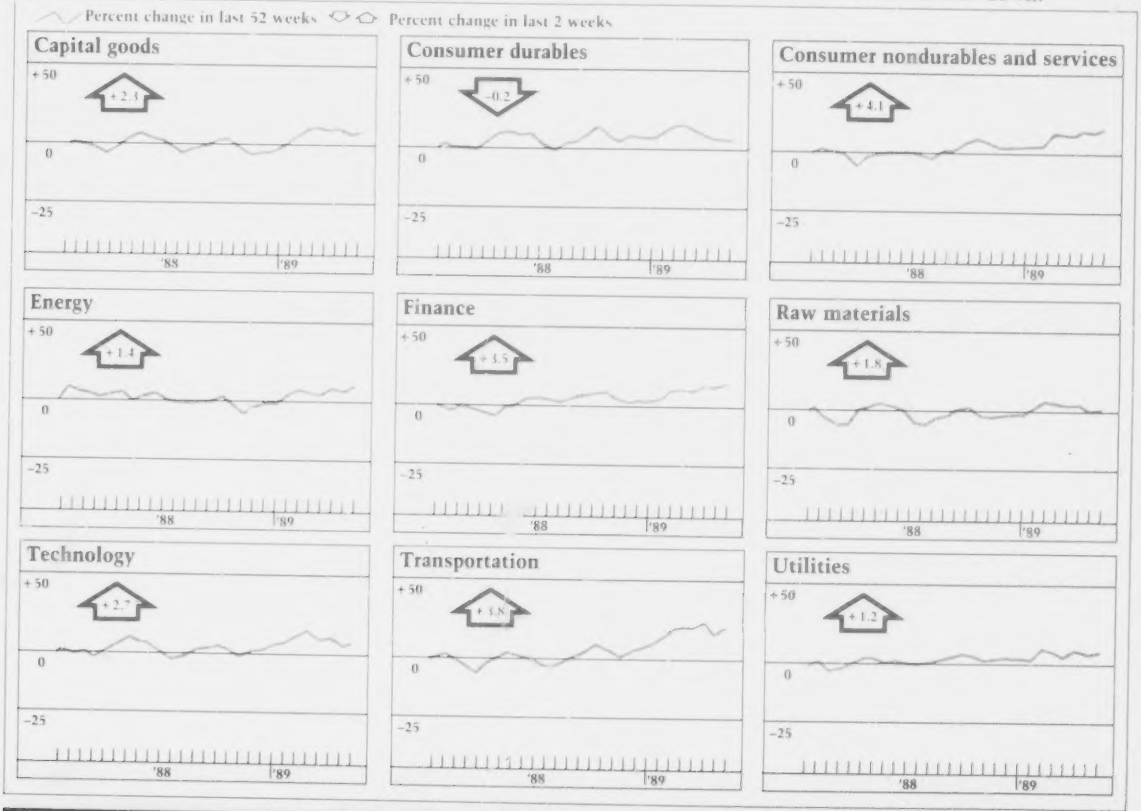
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. [2]Based on sales. [3]Equal weighted indices containing all shares with market capitalizations over $10 million. [4]A stock's sensitivity to overall market movement. High volatility issues have wide price fluctuations; low volatility issues are more stable. [5]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 4/7/89. Prepared by Wilshire Associates, Santa Monica, Calif.

Where the Action Is

Asset plays. During the past two weeks, Northwest Airlines, SmithKline Beckman and Citizens & Southern scored gains of 25% or more. All are the subject of planned or threatened takeovers. NWA was the strongest of the three, advancing almost 29 points on news that Denver billionaire Marvin Davis wants to acquire the airline for $90 a share. The rise in NWA helped transportation stocks record a healthy 3.8% advance.

The best-performing group was consumer nondurables, which rose 4.1%. But the rally left out one important sector: consumer durables, which fell 0.2%. Sluggish auto sales led to a 2.9% decline for General Motors and 1.5% for Ford. Maytag and Black & Decker also posted losses as investors worried about an economic slowdown.



What the Analysts Think

The analysts say a slowdown is coming. Security analysts are predicting that the earnings of the Forbes Sales 500 will advance 17.8% in 1989. But next year they are expecting only a 10% increase in earnings. Given the analysts' past record, it is quite possible that even these forecasts are too optimistic.

Forecasting the Forbes Sales 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.31	12.2
1989 estimates	3.90	10.4
1990 estimates	4.29	9.5

Rank based on change in estimate	Sector	Estimated 1989 EPS	Estimated 1989 P/E	% change in 1989 estimate in 2 weeks	% change in 1989 estimate in 4 weeks
1	Capital goods	$3.02	12.3	0.85%	0.87%
2	Energy	3.26	11.7	0.61	1.04
3	Consumer durables	4.82	9.3	0.47	1.19
4	Raw materials	3.45	9.1	0.35	0.78
5	Consumer nondurables	2.72	13.6	0.07	0.18
6	Transportation	2.78	10.6	0.02	–0.73
7	Finance	3.76	8.4	–0.10	–0.30
8	Utilities	3.06	10.2	–0.12	–0.39
9	Technology	3.16	10.8	–1.09	–1.12

Earnings projections are capitalization-weighted consensus estimates from over 1,000 security analysts. Data are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York based brokerage firm.

Note: All data for periods ending 4/7/89. Prepared by Wilshire Associates, Santa Monica, Calif. IBES, a service of Lynch, Jones & Ryan, New York.

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Cover photo by David Strick-Onyx

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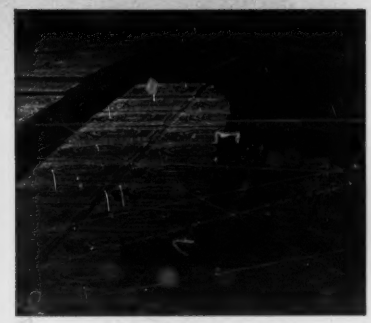

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May 15, 1989 Volume 143 Number 10 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Canadian second-class postage paid, permit number 9490. Subscription $48 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

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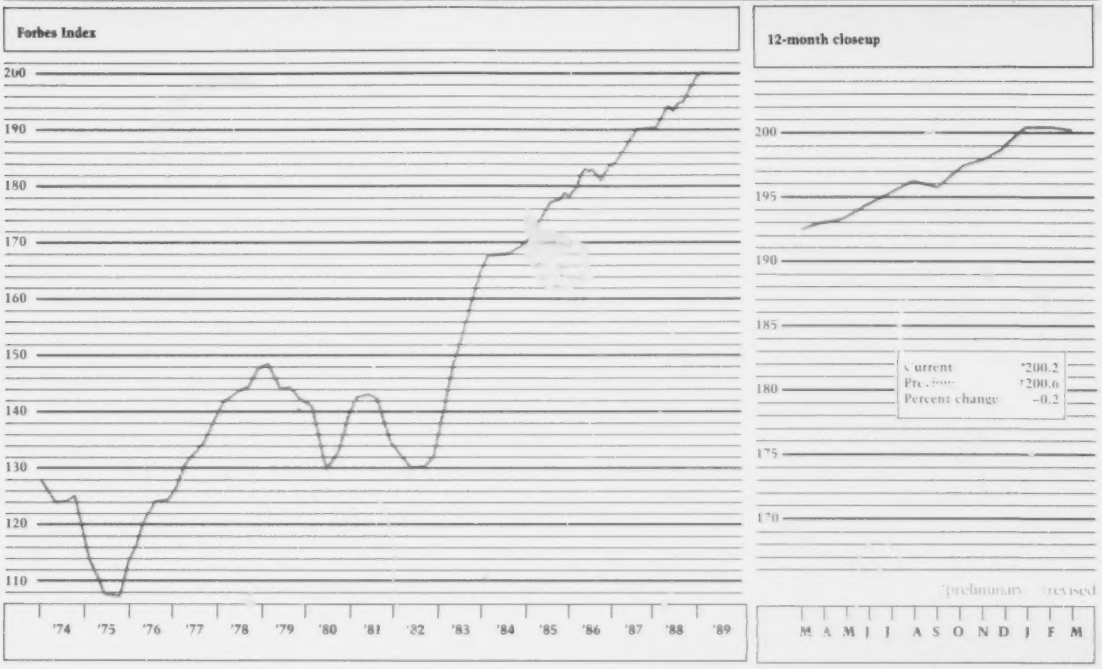
The Forbes Index

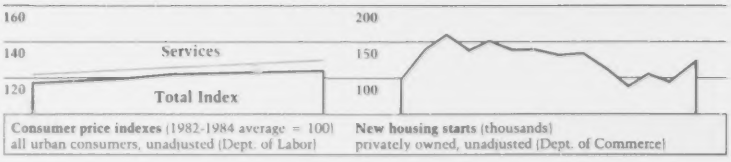


Frayed around the edges. Despite strong first-quarter corporate earnings *(see p. 151)*, other indicators pointed toward an economic slowdown. The Consumer Price Index rose 0.6% in March. The wholesale price index, following sharp increases in January and February, increased 0.4%. Higher energy prices may put additional inflationary pressure on the economy in coming months. New housing starts were off 9.7% from March 1988 and 17.6% from March 1987. Industrial production was unchanged for the third month in a row while new unemployment claims hit their highest level since July 1988. Retail sales haven't shown a meaningful increase in four months.

The Forbes Index Components

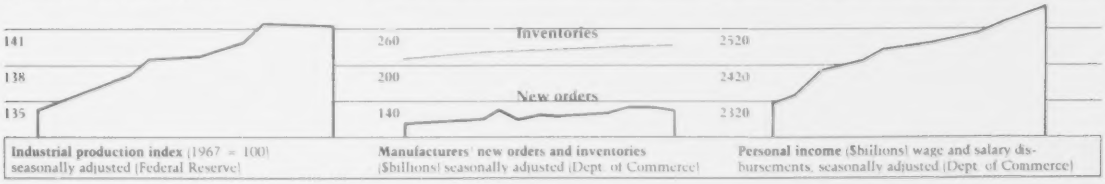
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, Forbes monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Consumer price indexes (1982-1984 average = 100) all urban consumers, unadjusted (Dept. of Labor)

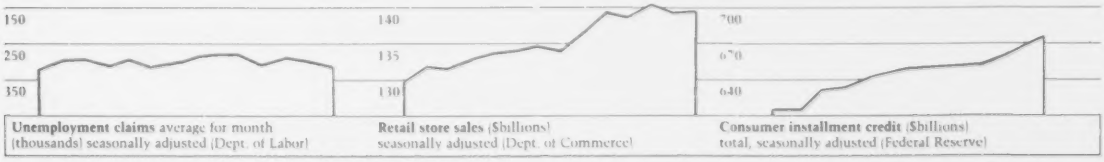
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)

Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)

Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)

Retail store sales ($billions) seasonally adjusted (Dept. of Commerce)

Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

F M A M J J A S O N D J F M F M A M J J A S O N D J F M F M A M J J A S O N D J F M

Toxic waste is undoing takeover deals and corroding stock prices. Could there be slime in your portfolio?

Deals that smell bad

By Ruth Simon

ROBERT SANTOSKI COULD almost smell victory as he closed in on a $660 million deal to buy Koppers Co.'s chemical operations last summer. But then Santoski, a partner in Houston's Sterling Group, caught a whiff of something else: Koppers' toxic waste dumps. He walked away from the deal.

Santoski isn't alone. More and more deals are being torpedoed by toxic waste liabilities. "Five or six years ago environmental liability was a technical point people dealt through. Now it's a major consideration," says Robert O'Brien, head of leveraged buyout lending for Bankers Trust Corp., who has seen toxic waste problems ruin several deals.

Even when toxic waste doesn't kill a deal, it can force sellers to slash their asking price. "I've seen prices cut 30% because of environmental liabilities," says Maynard Toll Jr., a managing director at First Boston Corp.

The new awareness of toxic waste is changing the way businesses are bought and sold, and corroding stock prices in chemicals and other manufacturing industries. Wall Street is scrambling to figure out which companies are sitting on hidden toxic liabilities and who will pay. The estimated cost of cleaning up the nation's 10,000-plus toxic waste dumps: a staggering $500 billion over the next 50 years. And just about any company—from car manufacturers to silicon chip makers to food processors—can have a toxic waste liability.

Investment bankers at firms like Kohlberg Kravis Roberts, the Blackstone Group and Bankers Trust are hiring environmental experts to comb company records and inspect waste sites before they put their money into a deal. Environmental lawyers are suddenly in great demand. Skadden, Arps, Slate, Meagher & Flom, the New York City-based firm known for its takeover work, now employs 23 environmental attorneys who spend as much as 40% of their time vetting corporate deals.

Scampering to keep up are federal securities regulators and credit-rating outfits. Moody's Investors Service is now asking companies it rates for more detailed information on their potential environmental liabilities. "We're starting to see the leading edge of investor consciousness," says Robert Buhr, a senior Moody's analyst who is currently assembling a review on environmental credit risks. "It's not yet affecting credit quality, but it absolutely could."

Brian Athar

The Securities & Exchange Commission has sent letters to a number of corporations asking for more information on their environmental liabilities. And in the next few months the SEC will provide more guidance on how some of its disclosure requirements should apply to companies with toxic waste problems.

Everybody involved is watching something called the Federal Superfund National Priorities List, a roster of the nation's roughly 1,200 nastiest toxic dump sites. Typical estimated cleanup cost: anywhere between $10 million and $30 million per site. And much of America's oozing goop isn't even chronicled on the Superfund list. Excluded are thousands of toxic dumps on company-owned sites still used for waste disposal and an even larger number that haven't yet made the Superfund list because they have not yet been fully evaluated.

Just as the cost of asbestos litigation bankrupted some previously solid companies, so could the cost of cleaning up toxic wastes. James Kirk is chairman of OHM Corp., a Findlay, Ohio hazardous waste cleanup company. Says he, "We see large companies that tell us they have six sites that will cost a total of $600 million to $900 million to clean up." Sums like that could easily put into Chapter 11 some thinly capitalized or overleveraged companies.

For stock pickers and investment bankers alike, getting good information on companies' toxic liabilities is extremely difficult—if for no other reason than some companies themselves don't know. Cleanup costs can run anywhere from $100,000 to $500 million or more per site, depending on the type of waste and the extent of the problem, and how it is cleaned up. And many sites involve multiple companies.

Adding to the uncertainty is the sweeping nature of the Superfund law. A company can be required to pay cleanup costs, even if its actions were lawful at the time the waste was dumped. Banks can be held responsible if they foreclose on an offending company or get involved in its management. And a company that contributes just a fraction of the waste at a Superfund site could be forced to pick up as much as 100% of the cleanup cost.

"It's really the harshest liability scheme around," says Margaret Murphy, a partner at the New York law firm White & Case, who advises dealmakers on environmental risks. Little wonder that takeover agreements today frequently hold the seller responsible for the cost of cleaning up any identified waste sites.

As happens all too often these days, lawyers have been among the chief beneficiaries to date of the legislation against toxic waste. For example,

In the dumps

The companies below rank among those with the largest number of toxic waste sites in the U.S. designated by the EPA as requiring urgent attention. EPA data on these so-called Superfund sites are incomplete, so we asked these companies for their own estimates. B.F. Goodrich, Mobil and Ford refused to cooperate. Cleaning up a Superfund site costs on average $10 million to $30 million, but you can't estimate a company's liability simply by multiplying that average by its number of sites. Many sites involve multiple companies.

Company	Number of sites	Company	Number of sites
General Motors	140	Texaco	40
Westinghouse	80	PPG Industries	37
Union Carbide	75	BASF	35
Chrysler	64	Ciba-Geigy	33
Du Pont	64	ICI	32
Shell Oil	59	Dow	31
Ashland Oil	45	Mobil	25*
Allied-Signal	44	BF Goodrich	25†
Monsanto	42	Rohm & Haas	24
General Electric	41	Ford	21*

*EPA estimates, based on incomplete data. †FORBES estimates. *Source: Company estimates*

Southland Corp. is suing Ashland Oil and its Ashland Chemical unit in a dispute over cleanup costs at a Southland chemical plant in New Jersey, once owned by Ashland. Toxic chemicals were dumped there over the course of three decades.

Dozens of companies, including Westinghouse, SCM and United Technologies, have flooded state courts with lawsuits alleging that insurance companies are liable for cleanup bills. So far only a handful of these cases have been decided, and the results are mixed.

In two recent decisions, companies with cleanup problems lost out. In December, a California jury said Shell Oil—not its insurers—must pay to clean up contaminated groundwater at the Rocky Mountain Arsenal. That means Shell and the U.S. government will split costs, which could exceed $1 billion. Then, in April, a New Jersey court held Diamond Shamrock responsible for the $10 million to $20 million it will cost to clean up a chemical plant contaminated with dioxin, a toxic substance created when making Agent Orange. Diamond Shamrock's insurers won't have to pay a penny for the cleanup.

But insurers are by no means off the hook. In April, for example, a California appeals court ruled that insurers would have to pay some $100 million to clean up contaminated groundwater near an Aerojet-General rocket engine plant. What's more, a report last fall by Standard & Poor's Corp. suggests that even if insurance companies get stuck with only 15% of the cleanup costs, the resulting losses could exhaust the property/casualty industry's $100 billion surplus.

Says Skadden partner Mitchell Bernstein, "Everybody's looking for environmental attorneys." ■

Enron Corp.'s earnings have been disappointing. Its potential, however, remains as great as it ever was.

The hour before the dawn

By James Cook

IF THINGS HAD GONE according to plan, Houston's Enron Corp. would be sitting pretty these days. As the U.S.' largest natural gas pipeline system, it would be well on the way toward earning the 17% to 20% return on stockholders' equity it had targeted for 1990. But life seldom goes according to plan.

By the end of last year its return on equity was a modest 7.3%, and its $130 million in earnings as much a tribute to its bookkeeping as to its operating skills.

"It's taken us longer to get the merger together," says Enron President Kenneth L. Lay, 47, "because of the price environment." Meaning Enron miscalculated badly about natural gas prices, which, instead of going up as expected, dropped from $3.19 per thousand cubic feet in 1985 to $1.51 in 1987 and $1.56 last year.

Enron is loaded with debt as a result of the 1985 merger of Internorth and Houston Natural Gas pipelines that created the company—$3.3 billion versus stockholders' equity of just $1.6 billion. With interest on all that debt running around $400 million a year, versus $320 million the year of the merger, Enron was in a squeeze: interest up, operating earnings down. Lay had no choice but to sell off assets to get debt under control.

Last year, for instance, Enron booked a profit of $97 million before taxes for part of its Mobil Oil holdings, $52 million for a 50% interest in its cogeneration subsidiary and its Canadian operations, and $49 million for a handful of superfluous oil and gas properties. These capital gains helped turn the $40 million or so Enron lost after interest charges and before taxes into a $130 million profit and enabled Lay to cut Enron's debt by over $600 million.

More sales lie ahead. Ken Lay plans to raise cash and book profits by sell-

Corporations and activists crusade against sexual harassment, yet we're told the problem's getting worse. Is it really?

Watch that leer, stifle that joke

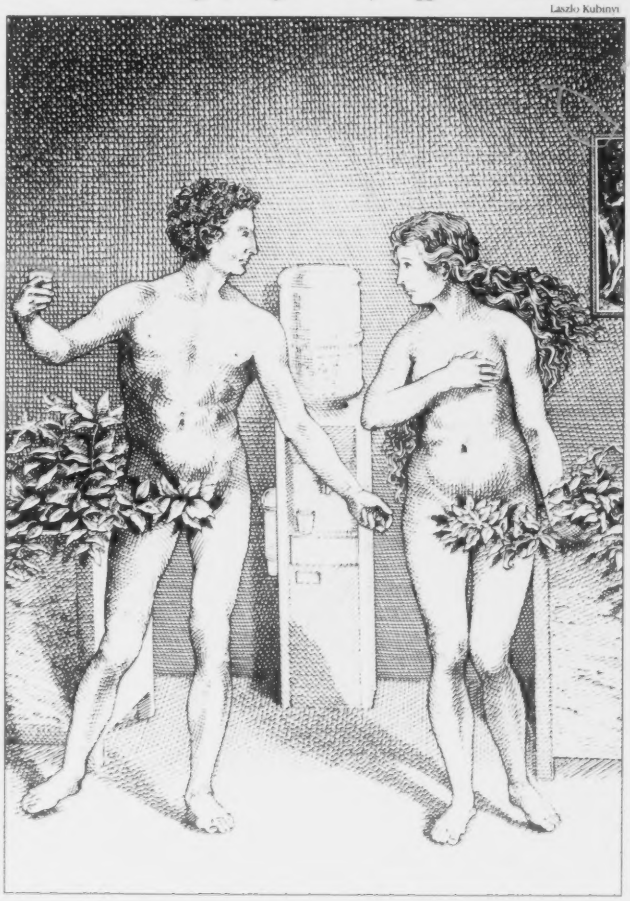
By Gretchen Morgenson

IT'S BEEN ALMOST ten years since the Equal Employment Opportunity Commission wrote its guidelines defining sexual harassment as a form of sex discrimination and, therefore, illegal under Title VII of the Civil Rights Act of 1964.

During that time, women have transformed the workplace, taken on untraditional jobs, excelled in male-oriented businesses, started their own firms and garnered new power on corporate boards.

Have women been harassed every inch of the way by leering, lascivious male chauvinists? It sometimes sounds that way. Following the Equal Employment Opportunity Commission's lead, an estimated three out of four companies nationwide have instituted strict policies against harassment; millions of dollars are dutifully spent each year educating employees in Title VII etiquette.

What are the boundaries? Where does good-humored kidding cease and harassment begin? How deeply should the courts concern themselves with personal behavior and good manners? Requests or demands for sexual favors are clear-cut cases of behavior that lie beyond the pale. Sleep-with-me-and-you'll-get-promoted propositions are clearly illegal. Where the law gets hazy and goes beyond where some reasonable people think the law should go is in what is known as hostile environment harassment—the hazing, joking, sexually suggestive talk between men and the women who work alongside them.



Laszlo Kubinyi

Both types of behavior are increasing? That's the story you get from the media, which loves a salacious issue, and from employee relations consultants who make money telling corporations how to protect themselves from costly harassment claims. These are the loudest voices in the din. Loud but not persuasive.

The peddlers of sex harassment advice have, of course, their own moneymaking agenda. Equally suspect are those extremists who would politicize all of American life and seek to regulate human behavior to suit their private prejudices. These people want to impose stringently moralistic standards on private industry that are not met in any other environment. It's all part of the transformation taking place today in employment law in which employers' responsibilities to their workers seem to grow just as workers' responsibilities to the bosses seem to diminish.

A growth industry has sprung up to dispense harassment advice to worried companies in the form of seminars, videos and group gropes.

The deeper FORBES

delved, the more we became convinced that the alleged increase in sexual harassment was more a product of propaganda from self-interested parties. "At least 35% and as many as 90% of women get harassed," contends Linda Krystal Doran, president of Krystal & Kalan Associates, a sex harassment consultant in Issaquah, Wash. Doran conjures up images of a major portion of the work force wolfishly and lustfully abused by another portion. If her figures are taken seriously, as many as 49 million women are getting pinched, propositioned or annoyed on the job.

But why then is the number of federal cases alleging harassment on the job actually declining? This, in spite of a growing female work force. According to the EEOC, where anyone bringing a federal sex harassment case must first file a complaint, the number of Title VII complaints in which sexual harassment was mentioned peaked at 6,342 five years ago; last year there were 4,984 cases.

Sound like a lot? It's not. It's 0.0091% of the female work force—one in every 11,000. And that's cases filed, not cases proven. Furthermore, these cases may primarily involve other forms of discrimination: race, national origin, color and religion.

FORBES consulted human rights commissions that compile such figures in four populous, regionally diverse states: California, Michigan, New York and Texas *(see chart, page 71)*. Excepting California, where there has been a modest increase, sex harassment cases in these states are down.

Yet the money to be made these days advising corporations on the issue of harassment is not insubstantial. Susan Webb, president of Pacific Resource Development Group, a Seattle consultant, says she spends 95% of her time advising on sex harassment. Like most of the consultants, Webb acts as an expert witness in harassment cases, conducts investigations for companies or municipalities and teaches seminars. She charges clients $1,495 to buy her 60-minute sex harassment video program and handbooks. Webb, who's worked for 350 companies or municipalities, is one of a dozen such consultants, and her prices are typical. Solving the problem is supposed to be their business, but hyping the problem is very much in their personal interests.

Michael Connolly, former general counsel to the EEOC, and now a partner at Cross Wrock in Detroit, says: "There are a lot of bad consultants taking advantage of the fact that harassment is in vogue." There are even consultants who act as agents for other consultants. Jennifer Coplon of Resource Group-Videolearning in Boston represents some 15 sex harassment video producers, connecting them with corporations, universities and government agencies. "Among all employment issues, sexual harassment is the biggest concern among companies," she reports happily.

Sexual harassment became a serious legal issue in the early 1980s, just after the Equal Employment Opportunity Commission published its first guidelines. But it was Meritor Savings Bank v. Vinson, a harassment case that made it to the Supreme Court in 1986, that really acted as a full employment act for sex harassment consultants. In Vinson, the Supreme Court conveyed the idea that employers could limit their liability to harassment claims by implementing antiharassment policies and procedures in the workplace. And so the antiharassment industry was born. Even today corporate attorneys are sometimes the best salespeople for the sexual harassment prevention industry. They tell their bosses that the existence of a corporate program should be part of a company's legal defenses.

No surprise then that sexual harassment consultants like to claim the problem is getting worse, not better.

What about those bothersome EEOC numbers? The consultants say that there is a more than offsetting increase in private suits. Really? There's simply no proof that huge or increasing numbers of private actions are being filed and litigated. The San Francisco law firm of Orrick, Herrington & Sutcliffe has monitored private sex harassment cases filed in California since 1984. From 1984 to March 1989, the number of sexual harassment cases in California that were litigated through to a verdict totaled 15. That's in a litigation-happy state with 5.8 million working women.

Those sex harassment actions that do get to a jury are the ones that really grab headlines. A few scary awards have been granted recently—five plaintiffs were awarded $3.8 million by a jury in a North Carolina case against a Texas S&L, Murray Savings Association—but mammoth awards are often reduced in subsequent court proceedings. In California the median jury verdict for all sex harassment cases litigated since 1984 is $183,000. The top verdict in the state was just under $500,000, the lowest was $45,000. California, known for its sympathetic jurors, probably produces higher awards than most states.

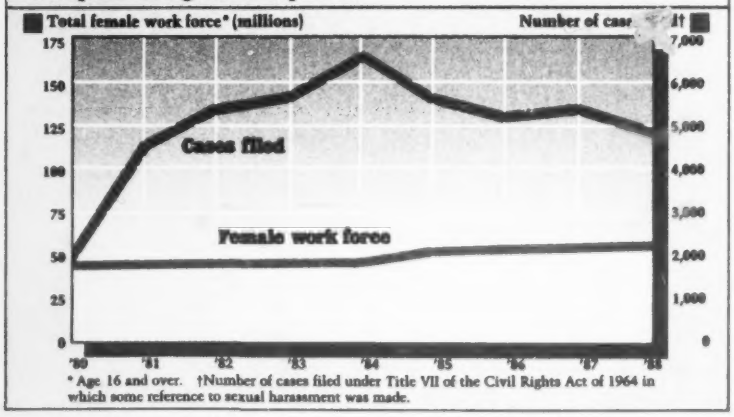
Paul Tobias, a partner at the Cincinnati law firm of Tobias & Kraus and executive director of the Plaintiffs Employment Lawyers Association, for the past decade has focused on individual employees' problems, including sex harassment. His experience? "During a year, 10 or 15 people may come in and complain; maybe one of those cases is winnable."

Of the dozen or so labor lawyers FORBES interviewed—from both plaintiffs' and defendants' bars—most feel that job-related harassment, though not gone, occurs much less frequently now than it did ten years ago.

Well, maybe, the sex harassment industry replies, but that's only be-

Harassment in the nation

Since 1984, complaints alleging sexual harassment filed with the Equal Employment Opportunity Commission in Washington, D.C. have declined. This, in spite of a steadily increasing number of females in the workplace during the same period.



* Age 16 and over. †Number of cases filed under Title VII of the Civil Rights Act of 1964 in which some reference to sexual harassment was made.

cause women are afraid or ashamed to complain. Bringing a sex harassment case is similar to filing a rape case, consultants and lawyers say; both are nasty proceedings that involve defamation, possible job loss and threats to family harmony. "More people are experiencing harassment, but they may not want to bring a case," says Webb, the Seattle trainer.

Maybe so, but there is no evidence of this. After reading cases and talking to the lawyers who litigate them, it becomes clear that women have become much more aggressive in filing sex harassment claims.

According to the New York State Division of Human Rights, more than half of the complaint outcomes from 1980 through 1986 were dismissed for lack of probable cause. Actual number: 521, or 52%. Compare this with the cases in which probable cause was found and a conciliation was reached: 39, or 4% of the total.

One explanation for the large percentage of dismissed cases is that hostile environment harassment is difficult to define. Asking a subordinate to perform sexual favors in exchange for a raise is clearly illegal. But a dirty joke? Behavior that one woman may consider harassment could be seen by another as a nonthreatening gag. Whose standards should be used?

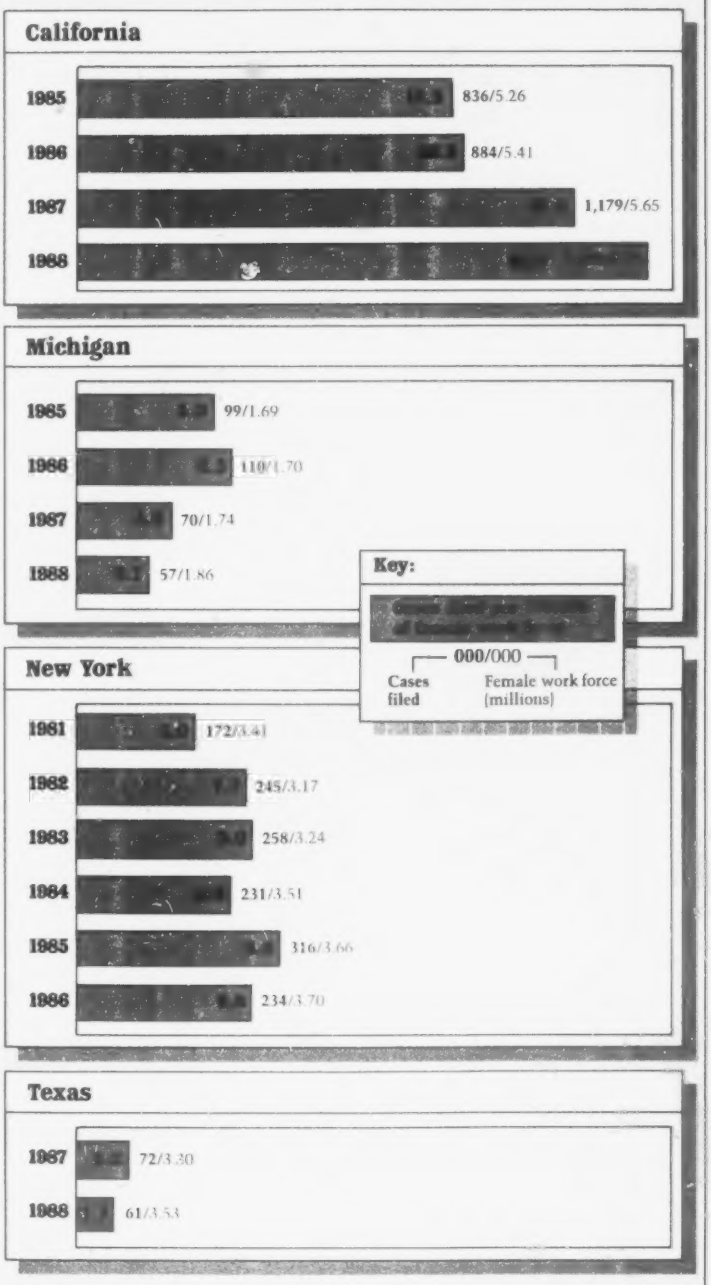
Under tort law, the standard that must be met is called the reasonable person rule. This means that the behavior that has resulted in a case—such as an assault or the intent to cause emotional distress—must be considered objectionable by a "reasonable person." The EEOC follows this lead and in its guidelines defines environmental harassment as that which "unreasonably interferes with an individual's job performance."

How to define that? Says Freada Klein of Klein Associates, a Boston consulting firm: "My goal is to create a corporate climate where every employee feels free to object to behavior, where people are clear about their boundaries and can ask that objectionable behavior stop." Objectionable to whom? By what standards?

Can rudeness and annoying behavior really be legislated out of existence? Can women really think they have the right to a pristine work environment free of rude behavior? These are permissive times: Mrs. Grundy has been laughed out of most areas of our life. Should she be allowed to flourish in the workplace alone? Says Susan Hartzoge Gray, an employment lawyer at Haworth, Riggs, Kuhn & Haworth in High Point, N.C.: "We condone sexual jokes and innuendo in

Sex in the states

State human rights commissions also process sexual harassment claims. Below are numbers of filed cases per thousand working women in California, Michigan, New York and Texas. These states were chosen because of their large populations and regional diversity. Some of these states have been keeping figures longer than others; with the exception of California, all have seen cases decline in recent years.



Advice to women: Act like a freight train

What industry has the greatest incidence of sexual harassment? Construction, automobile manufacturing, the steel business or some other blue-collar concern? According to surveys, the white-shoe world of financial services.

FORBES asked two finance pros about sexual harassment in their industry.

Liliana Nealon, 41, is a vice president of Union Bank of Switzerland in the bank's New York branch. Nealon runs a corporate foreign exchange desk for UBS, overseeing 12 traders and advising 100 corporate clients. She grew up in Argentina, started in banking at Citibank in 1970 with a bachelor's degree in French. She was the first female trader at Citibank and is one of just a handful of female vice presidents at UBS, but Nealon says: "I've never so much as experienced a hint of harassment. And I don't know anyone who has."

Lucy Johnston

Liliana Nealon of UBS
"You don't have to be masculine, just indispensable."

Why not? "I always wondered," she says. "I'm not a cold person; I'm a flirt. I never wore a man's suit, never tried to hide my femininity. I've probably never been harassed because people see my strength of character. I've always been self-confident because I knew I could get another job. If you do a good job, nobody will question your sexuality.

"I'm a freight train; I don't deviate. I'm going too fast to look at the landscape. If you put it in first gear and keep going, you will be recognized. You don't have to be masculine, just indispensable."

Valerie McDowell, 40-ish, is president and co-owner of an o-t-c firm, William Allen & Co., which she started one year ago in Red Bank, N.J. She's worked on Wall Street since 1967, when she was a new mother and fresh from a divorce. Working for a computer company didn't suit her, so she quit, telling her supervisor she was leaving to work in the market. Says McDowell: "He laughed, and that was all I had to hear; I went and got a job as an assistant trader.

"Do I remember feeling different? Maybe because of my lack of experience, but not because I was a woman."

The closest thing to harassment McDowell experienced was an occasional comment like: "Whaddya got a dame on the desk now?" from traders at other firms. She chalks her experience up to confidence. "If you're insecure, it comes out. Like an animal, you can see vulnerability. Some people are good at finding weakness. But nobody has power over you unless you allow them to have it.

"Me, I plow on through. If you're in my way, that's your problem. If I can't achieve my goal one way, I'll find another way. I won't deviate from my goal. Important thing to remember: You create your limitations. It doesn't have anything to do with biology."—**G.M.**

Steven Boljonis

Valerie McDowell of William Allen
For years, the only "dame on the desk."

the media—a movie might get a PG rating—yet an employer can be called on the carpet because the same thing bothers someone in an office."

In a curious way, the news stories, the harassment seminars, the showing of videotapes—even if educational—can act to perpetuate the woman-as-victim mentality *(see box, above)* There is even a kind of backlash at work. Increasing numbers of wrongful discharge cases are brought by men who believe they were fired because of a false harassment claim.

Yet the noise will probably continue for a long time to come. The demand by some women for a perfect work climate is part of a larger trend in society. Many people feel they are entitled not only to jobs but to work conditions that suit their tastes.

Some of those higher standards, as far as sex harassment is concerned, are approaching the unreasonable. To combat incidents of hostile environment harassment, management is effectively being told to shoulder two new and onerous responsibilities. First, provide a pristine work environment, and second, police it as well.

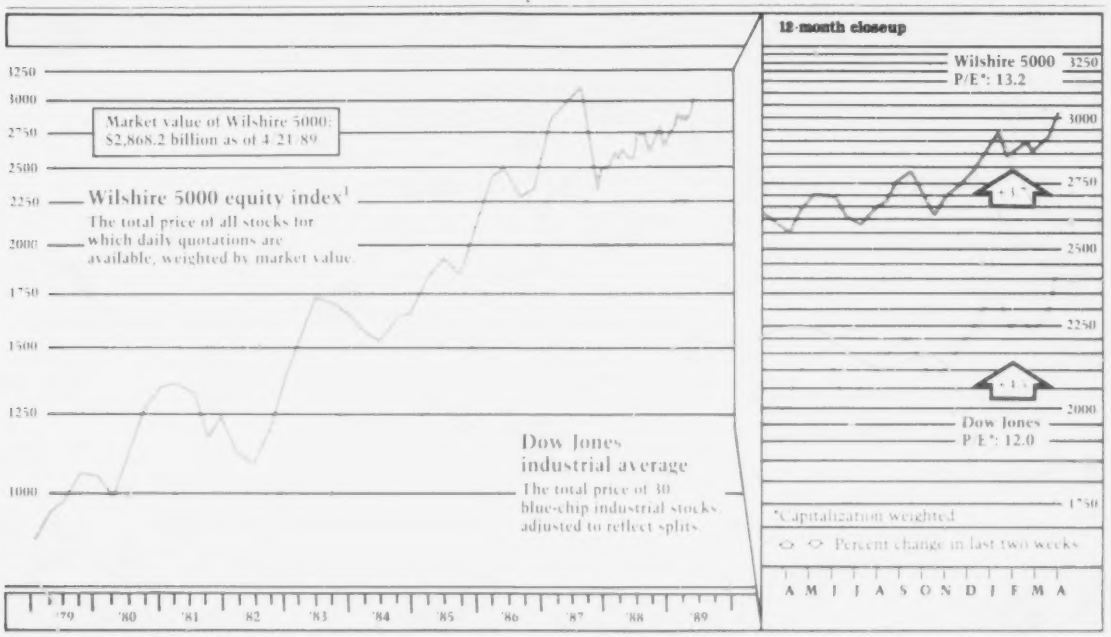
But if women want a level corporate playing field on which they can compete with men, should they expect to be coddled and protected from rudeness or boors? Why can't they be expected to take care of themselves?

Women do themselves and their careers no favors by playing victim. Sexual harassment is not about sex, it is about power. If women act powerless at work, they'll almost certainly be taken advantage of. Women are more powerful than the sex harassment peddlers will have you believe. A woman's power is not in her ability to bring a harassment claim, it's in her ability to succeed on her merits. And to be able to say, "Back off, bub."

As more and more women recognize this, sex harassment will likely become even less of a real problem in the years ahead than it is today. But don't expect the sex harassment specialists to go out of business. They'll only stop levying their special tax on U.S. business and consumers when demand for their services dries up. ■

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Rising earnings set off a bull stampede. Excluding the effect of accounting changes in 1988, General Motors reported a 96% increase in first-quarter earnings; Philip Morris, a 20% improvement. In the last two weeks the two stocks jumped 7% and 5%, respectively. AT&T, another blue chip, announced a 20% increase in first-quarter earnings per share; its stock moved up 11%.

Healthy quarterly reports helped the Dow advance 4.5%, or 105 points, in the last ten trading days. The broad-based Wilshire index rose 3.7%. Nasdaq issues were up 3.2%, and Amex stocks, 3.6%.

Even though the Dow is 20% higher than it was a year ago, rising earnings have kept the price/earnings multiple on the Dow close to 12. Just one year ago the Dow P/E was 15.3. But the yield of the 30 Dow industrials is only 3.3%, the lowest in more than a year. In August of 1987 high stock prices drove the Dow yield down to 2.6%. The crash soon corrected this abnormality.

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	6.5	6.8	7.4	6.3	5.5	5.7
in last 52 weeks	17.6	17.4	19.6	17.6	15.0	13.3

Stock performance based on six key investor yardsticks[3]

Percent change	Company size		Volatility[4]		P/E multiple		Dividend yield		Growth profile[5]		Share price	
	large	small	high	low	over 21	under 8	over 4.5%	none	high	low	over $34	under $4
in last 4 weeks	6.7	3.5	4.7	3.2	4.4	4.2	2.5	4.5	4.1	4.5	5.6	2.6
in last 52 weeks	19.6	14.9	12.7	8.3	26.0	14.0	3.5	17.1	12.6	14.6	22.8	–0.5

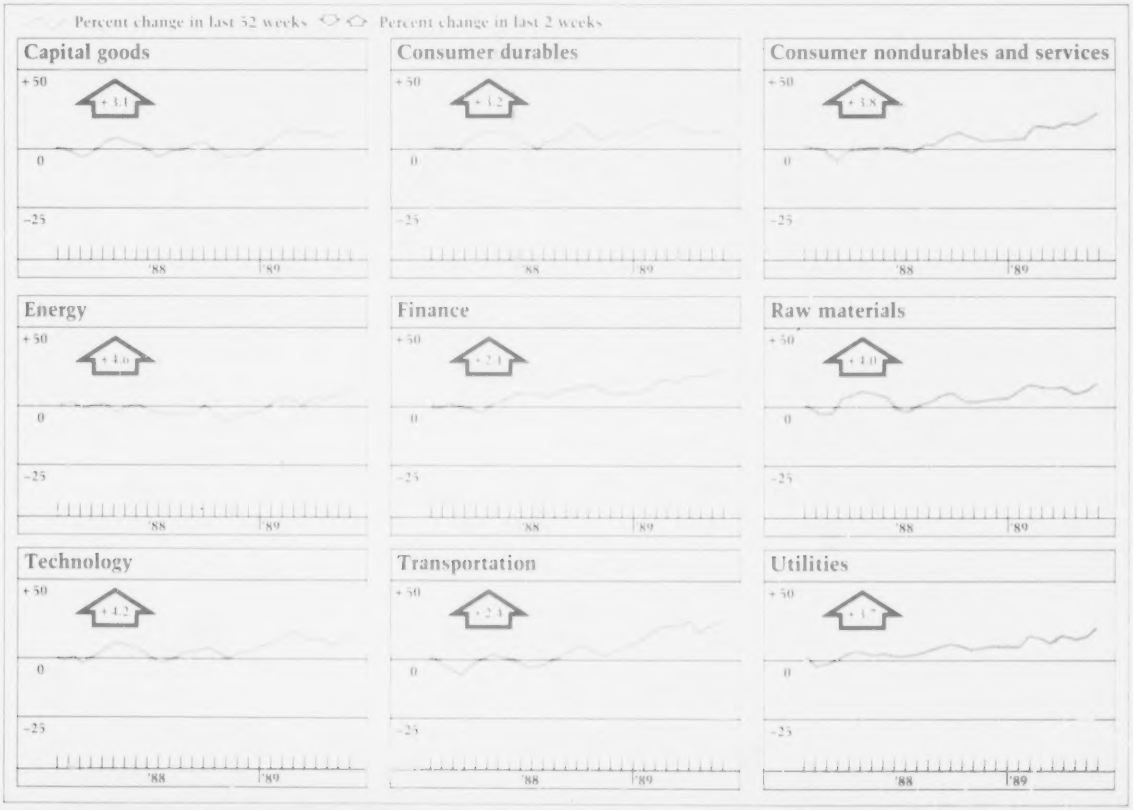
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of stock splits made after index was created. Based on sales. [2]Equal weighted indices containing all shares with market capitalizations over $1 billion. [3]A stock's sensitivity to overall market movements. [4]Higher volatility issues have wide price fluctuations; low volatility issues are more stable. [5]A qualitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 4/21/89. Prepared by Wilshire Associates, Santa Monica, Calif.

Where the Action Is

After the spill. Of the four sectors that outperformed the Wilshire index during the last two weeks, energy stocks, with a 4.6% jump, were on top. OPEC unity and lower supplies of oil, not to mention speculation on the Alaskan oil spill, have pushed up oil prices. Technology advanced 4.2% as Oracle Systems, Computer Associates and Mentor Graphics all posted better than 14% gains. So did Perkin-Elmer, which announced a plan for restructuring.

Finance stocks brought up the rear with only a 2.1% increase. While other businesses were generally reporting strong earnings, J.P. Morgan, Primerica and Bank of New England announced lower first-quarter results. Not surprisingly, all three of these stocks declined more than 3% during the last two weeks.



What the Analysts Think

Eastern's collapse is helping its competitors. During the last two weeks security analysts increased their estimates for the transport sector by 1.3%. The 1989 forecasts for Delta and UAL were raised more than 5%, to $7.33 and $17.15, respectively. But there is a threatening blip on the radar: rising fuel prices.

Forecasting the Forbes Sales 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.30	12.7
1989 estimates	3.88	10.8
1990 estimates	4.24	9.9

Rank based on change in estimate	Sector	Estimated 1989 EPS	Estimated 1989 P/E	% change in 1989 estimate in 2 weeks	% change in 1989 estimate in 4 weeks
1	Transportation	$2.86	10.7	1.25%	1.27%
2	Energy	2.02	13.4	0.25	0.86
3	Raw materials	3.46	9.4	0.09	0.44
4	Capital goods	2.99	12.7	0.03	0.88
5	Utilities	3.06	10.6	-0.06	-0.18
6	Consumer nondurables	2.72	14.1	-0.24	-0.31
7	Finance	3.75	8.6	-0.38	-0.49
8	Technology	3.13	11.4	-0.76	-1.83
9	Consumer durables	4.24	10.2	-1.91	-1.45

Estimates are compiled and updated continually by the Institutional Brokers Estimate System.

Note: All data for periods ending 12/31/88. Prepared by Wilshire Associates, Santa Monica, Calif. IBES, courtesy of Lynch, Jones & Ryan, New York.

LIFE AT THE TOP: HOW THEY EARN, SPEND, INVEST
GETTING THERE: ADVICE FROM THE EXECUTIVE SUITE

MAY 29, 1989 THREE DOLLARS SEVENTY-FIVE CENTS

Forbes

THE POWER AND THE PAY

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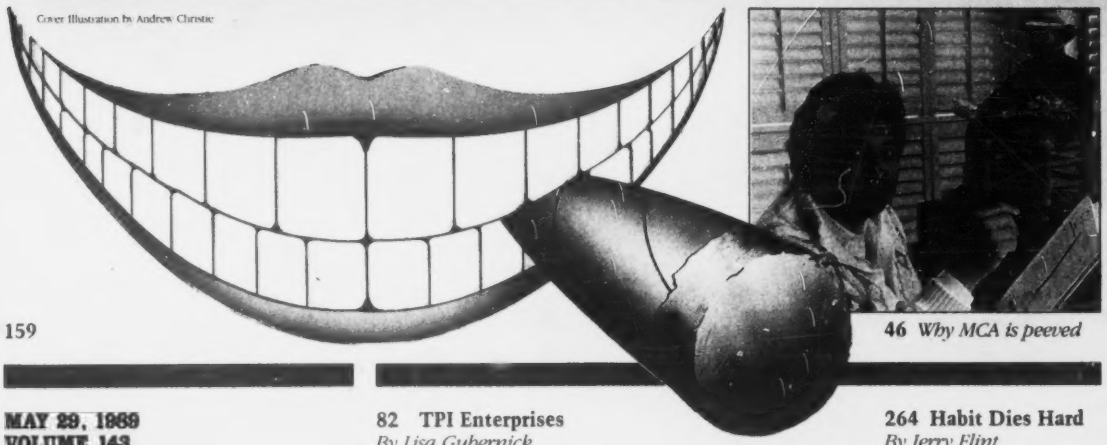

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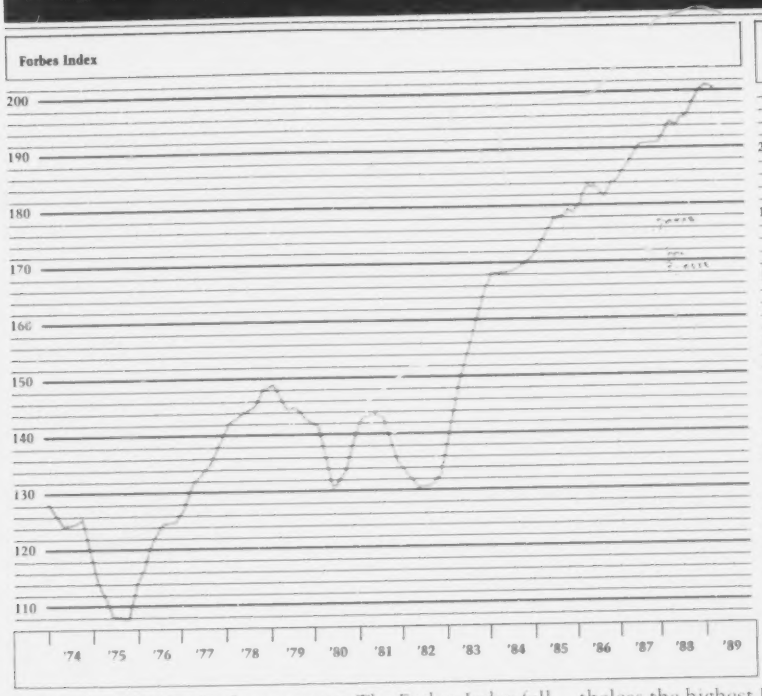
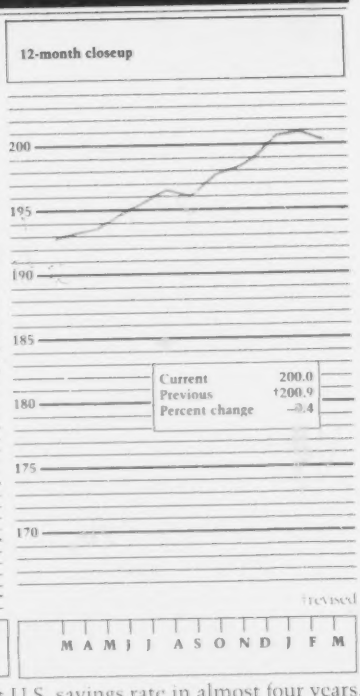
The Forbes Index





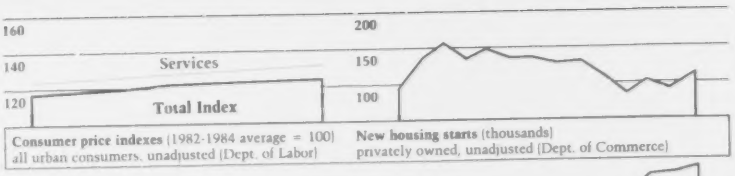
A bit of weakening in the economy. The Forbes Index fell 0.4% in March, the first decline since September. People are getting cautious—or simply more thrifty. In March, when personal income increased 0.8%, the personal savings rate jumped from 5.8% to 6.3% of disposable income. Low compared with Japan and other countries, it is nevertheless the highest U.S. savings rate in almost four years.

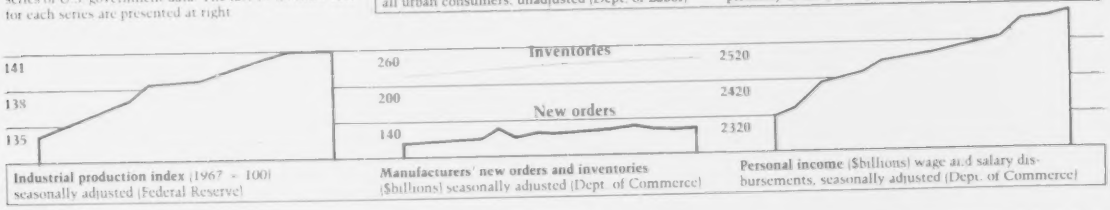
A 0.9% rise in manufacturers' new orders in March was the first increase since last December. Inventories grew 0.4% to a record $239 billion. Civilian unemployment rose 0.3% in April to 5.3% of the work force, the sharpest increase since January 1986.

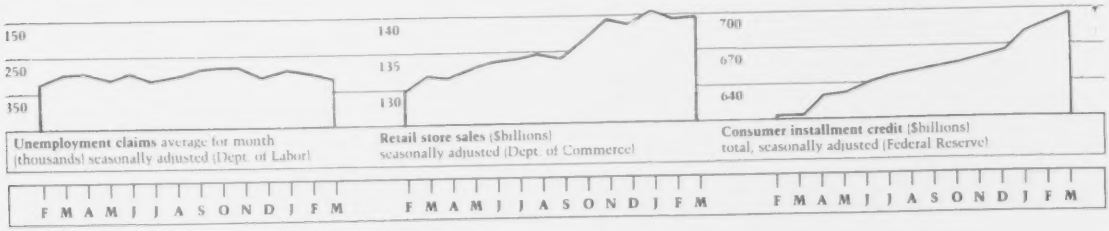
The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements. Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, Forbes monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.







Roger Milliken is a billionaire several times over, a brilliant businessman who built a superb company in a sick industry. But he isn't immortal, and heirs are unhappy.

Can Roger Milliken emulate William Randolph Hearst?

By Alyssa A. Lappen

ROGER MILLIKEN IS ONE of the great businessmen of the modern era. Almost unsung—and preferring it that way—Milliken used innovation and intelligence to turn a family business in a sick industry into an immense fortune worth nearly $4 billion. Business people looking for lessons on success and survival in a rapidly changing world would do well to study Milliken's record as well as his career.

But this is also a poignant story, an account of a 73-year-old fighting to preserve what he created against a clamor among some of the family's heirs for control. If the heirs have their way, Milliken & Co. may not survive in its current form.

Where did Milliken make his mon-

Eddie Keating

Textile tycoon Roger Milliken in his New York showroom
When the crunch comes, cash is king.

ey? Wall Street? Computers? Media? Nothing so glamorous. Roger Milliken is a textile man, and his Milliken & Co. stands out among its generally lackluster competitors.

In an industry littered with debt-ridden companies earning pathetic returns, Milliken & Co. is almost debt-free, and FORBES estimates that the company's aftertax earnings average at least 8% of sales—more than two times the textile trade median and 60% higher than U.S. industry in general. Its cash flow is at least $400 million a year. That is more than Burlington Industries, Springs Industries, West Point-Pepperell and Fieldcrest Cannon combined. Almost all of Milliken's cash flow is reinvested in the business, with annual dividends no more than 5% of aftertax income, or about $10 million a year.

Milliken & Co. is the jewel in the family crown. If the closely held company were sold today, the price tag would easily be $3 billion. Other family interests in retailing and real estate are worth at least $700 million. For years FORBES has estimated the family wealth at about $1.4 billion; but still we find we were off by as much as 60%. Any way you count it, this is one of America's great family fortunes.

Milliken & Co. is by far the textile industry's leader in research, technology, quality and services.

If much of this has gone unnoticed, it is because Roger Milliken wants it that way. Roger Milliken is so passionately secretive that few of the company's 200 or so shareholders have ever seen the company's results. Even within the industry, few people know how big the company is, but after months of checking, FORBES estimates that the company's revenues are roughly $2.5 billion, far higher than most outsiders had ever estimated. Its unfinished fabrics, apparel and chemicals division has estimated sales of $1 billion; automotive and elastic fabrics division, perhaps $600 million; industrial goods, some $550 million; and interior furnishings, about $320 million.

Interviews with more than 100 former executives, competitors, suppliers, customers and others have brought to light a detailed picture of this intensely private company.

Roger Milliken agreed to be interviewed by FORBES only on industry issues. Regarding most questions FORBES asked about his company, Milliken snapped, "You've crossed the line."

Roger's grandfather, Seth Milliken, and William Deering started the company in Portland, Me. in 1865 as an agent selling fabric. [Deering later left to start the firm that became Navistar.] Soon Seth moved the business to New York City and began collecting the accounts receivable for textile mills around New England and the South. This put Seth in an ideal position to spot mill owners who had fallen on hard times. He built his company in large part by buying up such ailing mills. Gerrish Milliken, who was Seth's son and Roger's father, continued that tradition right through the Depression, keeping the company debt-free and liquid, ready with cash when others lacked it.

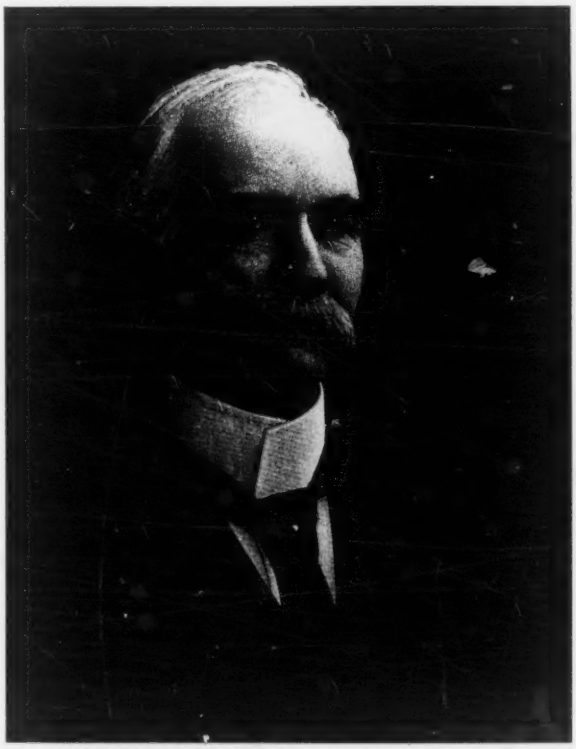
The Millikens built their business on a simple piece of experience: Debt and leverage are wonderful when times are good, but when the crunch comes, cash is king. Most U.S. business people have forgotten this fact. It is engraved, as it were, on the Milliken family crest.

Roger Milliken can be alternately gruff and charming, and that's how he runs his company. He refers to his style as "management by wandering around." Milliken has an office at the back of his home, a modest colonial not far off Pine Street in Spartanburg, S.C. But most of the time he is on the road, crawling under the latest textile machinery or exhorting one of his managers on how to maintain customer loyalty. He regularly visits his 57 plants. Despite his age and his wealth, he still works 90 to 100 hours a week.

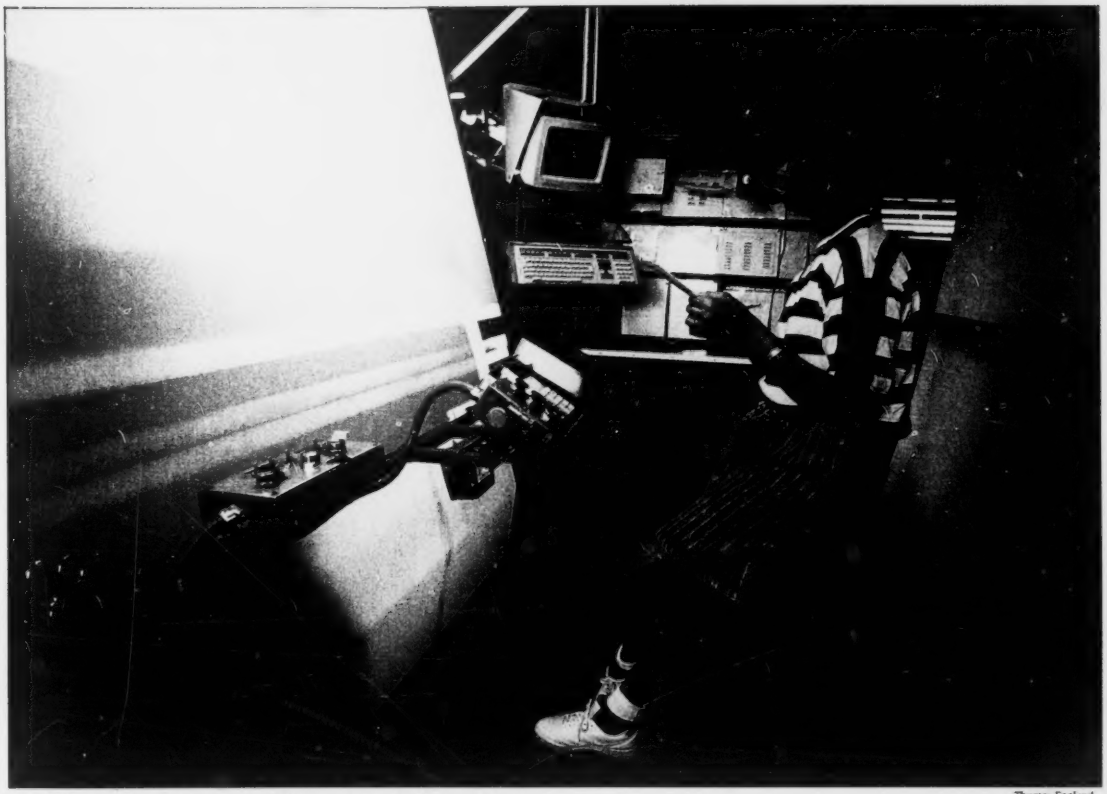
Slow down? "The world makes it [hard work] necessary. Competition gets tougher and things move faster," he says in a rare interview aboard his private jet, bound for Boston where he will lecture to an executive training program at Harvard Business School.

Milliken has become somewhat more public in recent years—but only to a degree. Friends say he changed markedly after surviving a helicopter crash in 1984. Before the accident, he stuck almost exclusively to his own business. When he ventured elsewhere, whether lobbying in Washington or working a textile trade show, he preferred to use his influence behind the scenes *(see box, p. 60)*. But in the past five years he has opened up, even agreeing to lead various national business campaigns. It was just after the accident, for instance, that Milliken reversed an earlier decision and took command of the textile industry's national effort to get Americans to buy more U.S. products. Even here, he hasn't moved far from his own industry.

Milliken is hardly a household name, but its products—usually unlabeled—are all around us. The company controls about 30% of the $1.2 billion U.S. market for the stretch fabrics that are used in swimsuits and sportswear. Another big Milliken business is selling cloth for uniforms worn by workers at Burger King, McDonald's, Hertz and Avis. Milli-



Seth Milliken, the firm's cofounder
Building on a base of troubled mills.



Thomas England

A Milliken & Co. worker in Pendleton, S.C. checks for defects
The fastest looms, the highest-quality knitting machines.

ken has about 40% of the more than $300 million market for acetate and acetate blends used in coats, casket linings and women's outerwear. In the $900 million market for automotive fabrics, the company has a share of perhaps 25%.

While many a textile baron has milked his mills dry, Milliken reinvests as if he were running a startup software company. In an industry that has been around since the dawn of time, he still pours his money into technology—the fastest looms, the highest-quality knitting machines, the most efficient yarn spinners. Even the company headquarters in Spartanburg look more like a research institute than a textile outfit. As if to underscore Milliken's outlook, the sign at the entrance reads "Milliken Research Corporation." Mere window dressing? No. Milliken & Co. has more than 1,200 patents—on everything from color-enhancing chemicals to computerized carpet dyers.

Milliken's most celebrated invention is Visa, an easy-care fabric finish used in products ranging from clothing to tablecloths. Brought to market in the late Sixties, Visa put Milliken in the forefront of developing patented finishes for fabric. Building Visa as a name brand helped Milliken reap fat margins, making the product well worth the $100 million he has spent to advertise it.

The history of Visa says a lot about this man's commitment to change. Visa was first made with an irradiation process, which altered its molecules to resist stains. That technique has since been abandoned for a chemical process. Today Milliken engineers are still tinkering in the labs, trying to improve on Visa.

Milliken sometimes gets his hands on new products because of his company's sheer size. He is such a large buyer of fibers from companies like Du Pont and Hoechst Celanese that he sometimes negotiates exclusive rights to buy certain types of new fibers. These rights, usually lasting six months or a year, allow Milliken to offer his own customers hot products that competitors cannot.

When new spinning or knitting machines come out, he's been known to buy all the manufacturer can make, giving Milliken & Co. an edge. A few years back Milliken sent 235 managers to Paris for a machinery show, filling an entire hotel for a week. Since 1985 he has bought 1,500 of the latest Japanese looms. Recently he bought 500 more Belgian looms, which will go in this year. While making cloth for products like nylon jacket shells or coat linings, the looms can stop automatically to pick out defects and then restart themselves.

Automation helps keep labor costs down. Milliken plants with as many as 400 high-speed looms can run with only three or four weavers per shift. On top of that, Milliken's factories run around the clock, seven days a week, because of a unique system of rotating shifts. Overall, Milliken employs only about 14,000 people. Compare this with competitor Springs Industries, whose sales are 30% lower but employs 9,000 more people.

Roger Milliken is not beloved of labor unions. He returns the compliment. His most famous stand against labor came in 1956. One day after workers in Darlington, S.C. voted to unionize, he announced the closing of their plant. The resulting legal tangle landed in the Supreme Court and took 24 years to unravel. Milliken lost and

eventually settled out of court, paying $5 million to the workers. But he won the war. Since Darlington, the unions have made token leafleting efforts at Milliken & Co. mills, but they know Roger Milliken is a tough—some say impossible—nut to crack. He pays wages that are competitive with those in unionized mills, but because he can set his own work rules, his plants are more efficient than unionized plants. This is the real gist of his dislike of unions: They help neither business nor the workers themselves.

Milliken expects his managers to work every bit as hard as he does. He rarely hires them from other textile companies, preferring to cultivate his own army of graduates from colleges such as Georgia Tech, Clemson, Tulane and MIT. The recruits start on the factory floor, and if Milliken judges them good enough, they get a chance to move up. Milliken doesn't hold back on salary: His average plant manager can earn 30% more than other firms pay. Apparently content, many executives have been at the company for 20 or 30 years. But workweeks run 60 hours, and Milliken often calls meetings on weekends. Says one departed Milliken executive, "He's very nice, but he's a tough taskmaster, not your pal."

Milliken is a management pioneer. The recently popular management technique of looking at each aspect of a business as a profit center is old hat to him. Milliken & Co. has about 50 strategic business units, which make everything from Lycra fabric for bathing suits to auto upholstery to industrial rags. Each separate unit reports profit and loss results—and not by quarter but by four-week "periods," 13 per year.

Milliken hates to take back goods once he has sold them. One way he avoids returns is by having such high quality that customers can't find any defects. In fact, a "zero defects" program has cut flaws so sharply that many customers no longer inspect Milliken & Co. shipments. Company insiders say that by cutting waste the quality program has sharply increased Milliken's already fat profits. Quality control has helped the company get jobs, too. Its industrial division, for example, is the only U.S. firm approved to supply braided polyester tire cord to Michelin.

In these days of international competition, no business can ignore costs, and Milliken knows how to play into this cost awareness. Years ago Milliken set up his own truck delivery system, for instance, and began mailing customers fake monthly "freight save" checks to remind them of how much cheaper his transport service was than commercial truckers. Milliken also sends cost reduction teams to customers' plants to give advice on process engineering. Napery customers who make a business of renting tablecloths and linens to restaurants are schooled by Milliken specialists in the most efficient washing techniques. Milliken's current penny-pinching crusade is for Quick Response, a computerized just-in-time ordering service to which Milliken & Co. has wired all its major customers, who together account for more than 50% of sales.

While this native New Yorker knows how to play to the hilt the southern courtesy and hospitality role, he is, when it comes to the bot-

The conservative's conservative

The 1988 Republican Convention was in many ways the crowning achievement of Roger Milliken's three-decade campaign to build the GOP in the South. In 1964 Milliken influenced South Carolina's Strom Thurmond in his decision to abandon the Democrats for the Republicans. Thanks partly to Milliken, the GOP has swept the South in the past three presidential elections.

But Milliken was not rejoicing last August. He felt betrayed. The party he worked so hard to build had refused for more than a year to back legislation that would have insulated his industry and his own textile empire from foreign imports. Though Milliken had been to every Republican convention since 1956, last summer he sat at home and watched on TV.

Milliken has always had a personal interest in politics. "Richard Nixon would not have been President and Ronald Reagan would not have been President were it not for Roger Milliken," says former South Carolina Governor Jim Edwards, himself a beneficiary of Milliken's political support. Milliken stumped for Barry Goldwater in the early Sixties and then helped to orchestrate Nixon's 1968 presidential fund-raising efforts in the South from Milliken & Co. headquarters in Spartanburg, S.C.

Nixon still counts himself among Milliken's greatest admirers. Reagan should, too: In 1976 Milliken was one of those behind the scenes who convinced the Republicans that Reagan would have a better shot at the White House in 1980 if the party kept him off Gerald Ford's ticket.

Eyebrows were raised in 1972 when Nixon named Milliken's longtime friend Frederick Dent as Secretary of Commerce. During Dent's tenure, the U.S. adopted one of the most protectionist measures in modern U.S. history—the 1974 Multifiber Agreement, under which the U.S. established quotas limiting imports of synthetic and woolen apparel from nations such as Korea, Hong Kong and Taiwan.

Milliken's critics see this as naked self-interest. "He's a protectionist hog, H-O-G," says Representative Sam Gibbons (D–Fla.), whose House trade subcommittee has often battled Milliken's textile lobby over proposals to further limit textile imports. Says Gibbons, "The textile industry is doing real well. They don't need our help."

Milliken, despite his dismay over the Republican Party's free-trade stance, remains a conservative's conservative. The family's private foundations donate funds to groups like the Heritage Foundation and the Free Congress Research and Education Foundation. Milliken himself "invested" $5,000 in a limited partnership formed to market Representative Newt Gingrich's *Window of Opportunity*, a book that advances the views of America's conservative movement.

But for what Milliken gives he would like something back. And he is not shy about asking. Questioned about textile imports, he quickly whips a set of statistics from his jacket pocket to illustrate his rapid-fire narrative: "The textile industry believes legislation is absolutely essential to see that our 46% share of the domestic outerwear apparel market continues to be made in the U.S." Free trade? Fine in theory, but Roger Milliken is, after all, a businessman.—**A.A.L.**

Beneath the veil

Milliken & Co. is far bigger than most outsiders had ever realized. Its sales total roughly $2.5 billion. Profits, at about $200 million, outstrip those of its four largest rivals combined. Also, Milliken carries no debt.

Company	1988 Sales	Net earnings ($millions)	Depreciation	Debt as % of equity
Milliken[1]	$2,500	$200	$200	0%
Burlington Industries	2,147[2]	(24)	94	197[3]
Springs Industries	1,825	64[4]	63	44
West Point-Pepperell	2,150[5]	72[4]	76	126
Fieldcrest Cannon	1,340	11	31	128

[1]Forbes estimates. [2]Excludes divisions since sold. [3]As a result of an LBO by Morgan Stanley. [4]Before nonrecurring expenses or gains. [5]Includes $757 million in apparel business and five months' ownership of J.P. Stevens.

tom line, all business. Says Joseph Haggar, president of Haggar Apparel Co. in Dallas, "There's never a visit with Roger when he doesn't talk about money and orders."

And don't be late in paying your bills to Roger Milliken. In the unfinished gray-goods division, for example, Milliken insists that customers pay their bills in 30 days, as against the 60-day payment period that is standard in this part of the textile trade. If customers don't pay on time, Milliken has been known to hold up further shipments—and bill the "deadbeats" for storage. Milliken has lost some customers because of his strict payment policy, but he knows all too well what happens to mills that are too lenient with customers; his family company was built on the remains of some of them.

He can be stubborn, too. He shunned cotton in the early 1980s because synthetics require less labor and he didn't want to meet government cotton dust rules—which he fought for years in another long legal battle. He ignored the American trend toward wearing all natural fibers, and now he's scrambling to catch up.

Acquisitions? Milliken considered buying West Point-Pepperell's Alamac knitting division last year, but backed out probably because the price was too rich. Instead he may be moving toward diversification. In 1988 the company opened a new chemical plant in Blacksburg, S.C. to make Millad, a clarifying agent for polypropylene bottles, housewares and medical supplies. The market is still small—perhaps $10 million—but it is growing fast. With prices at $10 to $20 per pound, the Blacksburg plant is tripling capacity.

Milliken has spent most of his life fighting imports and, in fact, gets overseas sales where he can. He has eight plants abroad, in places like Britain, France and Belgium. Right now he is in a joint venture making nonwoven fabrics with a French partner. Milliken also is selling to Japanese automakers from a new Tokyo office.

And Roger Milliken's reach extends well beyond textiles. His family owns a 41% stake in Mercantile Stores (1988 sales, $2.3 billion). Today that stake is worth some $700 million. As a director of Mercantile, Milliken has again shown his golden touch: The chain's aftertax margin, at 6%, is double the industry average. Besides Mercantile, the Milliken clan also holds some 100,000 acres of timberland in Maine worth some $20 million.

But this driven, brilliant man may be the last in the family dynasty, and his empire may not last as long as he hopes. He decided long ago to keep the heirs out of the company. In 1955 he fired his brother-in-law, W.B. Dixon Stroud. In 1984 Milliken officially broke the chain of family command by naming Thomas Malone, age 49, president and heir apparent. His brother, Gerrish, and cousin Minot Milliken, both board members, evidently went along. He also revised the company charter to expand the board to include as many as 13 directors, with only a few of those seats available to shareholders, who are almost all family.

Milliken has never explained why he excluded his family from management. He has five children, Roger Milliken Jr., Justine, Nancy, David and Weston, but he has also left out 16 nieces and nephews, none of whom has ever worked for the company.

Roger Milliken's chosen successor, Tom Malone, is credited with instituting Milliken & Co.'s successful quality program. But Malone will have problems filling Milliken's shoes. For one thing, Malone's subordinates seem to almost universally dislike him. What's more, even among those who fear him, Malone doesn't automatically elicit the respect that Milliken does.

What has Milliken got in mind for the empire he created? Perhaps he hopes to rule from beyond the grave. Through individual holdings and more than 50 family trusts, Milliken, his brother, Gerrish, and his cousin Minot control more than 50% of the company's common stock and 30% of its preferred. The recently amended certificate of incorporation extends that control by creating a self-perpetuating board dominated by outside directors and managers handpicked by Roger Milliken. The new rules also dictate that Milliken & Co. cannot be sold unless 75% of the voting power approves. In this, Milliken may be copying the example of William Randolph Hearst, who bypassed his heirs and ceded control of Hearst Corp. to a handpicked, self-perpetuating board (Forbes, *Dec. 14, 1987*). For Hearst it worked; the board has run the company with great success, so much so that it remains private and growing 38 years after the founder's death.

But this plan for preserving the empire may founder on legal rocks. In a family as old as this one, there are inevitably heirs who, while frozen out of management, own substantial blocks of stock. Four of the seven children of Milliken's late sister, Joan Milliken Stroud, whose family owns a stake of about 15% are disgruntled with a situation that prevents them from having any control over how the company is run. They have sued Milliken and his board at least three times to get information and to prevent what they consider an illegal trampling of their rights. From all indications, this family argument could soon break into open corporate warfare, an embarrassment for a family that for generations has closely guarded its privacy.

It's a poignant dilemma for Roger Milliken: He wants his creation to live beyond his own life span, and well into the next century.

But the legal fact is that the company does not entirely belong to him. He wants a monument, many of his heirs want more control.

But whatever happens, Roger Milliken's reputation as one of the era's greatest businessmen is secure. ■

THE POWER AND THE PAY

THE 800 BEST PAID EXECUTIVES IN AMERICA

Page 162 *Life beyond work*

Page 192 *Who gets the most pay*

Miss Marple meets the modern proxy

It takes a determined detective to tackle the modern proxy statement. At least once a year, all publicly owned companies with more than 500 shareholders and assets of more than $5 million at fiscal year-end must send shareholders a proxy showing, among other things, how much the most highly compensated executive officers were paid. But figuring out what they really make is anything but a straightforward task.

Consider the case of Jefferson Smurfit's Michael W.J. Smurfit. In an easy-to-read table on page 7, the company's latest proxy clearly states that Smurfit's "cash compensation" was $630,000 last year. According to the related footnotes, this sum includes cash bonuses and amounts contributed to various benefit plans such as the Employees' Retirement Savings Plan and the Deferred Compensation Capital Enhancement Plan.

Now, $630,000 is a lot of money. But it's a far cry from $9.3 million, which was Smurfit's total compensation in 1988. Where did the missing $8.6 million come from?

Look again at those proxy footnotes. They reveal that Smurfit's 1988 cash compensation excludes what he was paid by a deferred bonus plan, a stock option plan and amounts earned under the management incentive plan.

How much? Keep reading, and the proxy shows that Smurfit received $2,976,573 from a deferred bonus plan. Under this plan key executives are granted "participation units." The value of these units is a function of the company's aftertax earnings.

What about that management incentive plan? The proxy indicates that this plan awards compensation based on both individual performance and overall company profitability. Under it, Smurfit received $351,538.

Keep digging, and you discover the largest component in Smurfit's compensation last year came from exercising stock options and appreciation rights granted in prior years. His 1988 stock gains came to almost $5.3 million.

Add it all up and Smurfit's total compensation in 1988 was $9.3 million. The case is solved.

Cash kings

Ranked below are the 25 chief executives who earned the most cash—salary and bonus—compensation last year. Notice how the realization of large stock gains tends to be an infrequent event.

Company	Chief executive	—Salary + bonus*— ($000) 1987	1988	% increase 1988/1987	——Stock gains ($000)—— 1987	1988	% change 1988/1987
Reebok International	Paul B Fireman	$15,424	$11,439	–26%	0	0	
Walt Disney	Michael D Eisner	6,730	7,506	12	0	$32,588	
Reliance Group	Saul P Steinberg	4,272	4,498	5	0	0	
Warner Commun	Steven J Ross	3,125	4,481	43	0	8,822	
Toys "R" Us	Charles Lazarus	3,594	4,429	23	$56,410	0	
Morgan Stanley	S Parker Gilbert	3,000	4,425	48	0	0	
Salomon	John H Gutfreund	1,253	4,000	219	0	0	
Columbia S&L Assn	Thomas Spiegel	3,860	3,960	3	0	4,106	
Hewlett-Packard	John A Young	1,099	3,749	241	256	1,988	676.6%
American Family	John B Amos	2,957	3,700	25	0	749	
Gulf & Western	Martin S Davis	2,299	3,673	60	0	0	
Leslie Fay Cos	John J Pomerantz	NA	3,442	NA	0	0	
Ford Motor	Donald E Petersen	3,730	3,285	–12	0	7,151	
American Express	James D Robinson III	1,973	2,764	40	989	6,419	549.0
Tyson Foods	Don Tyson	3,447	2,568	–25	0	0	
Merrill Lynch	William A Schreyer	1,902	2,500	31	0	0	
Apple Computer	John Sculley	2,140	2,479	16	0	7,013	
Occidental Petroleum	Armand Hammer	1,938	2,455	27	0	0	
Bear Stearns Cos	Alan C Greenberg	5,712	2,448	–57	0	0	
General Electric	John F Welch Jr	2,057	2,352	14	0	0	
ITT	Rand V Araskog	1,840	2,234	21	1,027	617	39.9
Intl Minerals & Chem	George D Kennedy	1,100	2,188	99	0	0	
Coca-Cola	Roberto C Goizueta	1,823	2,164	19	969	0	
Textron	Beverly F Dolan	1,855	2,066	11	657	0	
Ogden	Ralph E Ablon	1,389	2,058	48	3,651	2,282	–37.5

*Excludes other compensation; see tables pages 192ff. NA: Not available.

Note that most of Smurfit's compensation was earned by exercising stock options. The boards of most public companies grant key employees options to buy the company's stock for many years in the future at a fixed price. This "exercise" price is usually the price of the stock at the time the option is granted. Such options are usually good for about ten years. If the stock appreciates in this period and options are exercised, the difference between the exercise price and the stock's current price is also a form of compensation. Last year, Walt Disney's Michael Eisner realized $32.6 million that way.

For executives, there are drawbacks to stock options. Timothy Kochis works on compensation plans for many ranking executives as national director of personal financial planning for Deloitte Haskins & Sells, the big accounting firm. Kochis points out that one problem with stock option plans is that an executive must often come up with a significant amount of cash to exercise his options. Moreover, says Kochis, under Section 16-B of the Securities Exchange Act of 1934, insiders must hold stock received from exercising stock options for six months before selling. A lot of unpleasant things can happen in six months to drive the stock back below the option price. That can create a lot of pain for executives who have borrowed the money to exercise the options.

To get around these problems, boards can give their executives stock appreciation rights. With these, the company simply credits the executive with stock at the prevailing market price. If the price subsequently rises, the executive "exercises" the appreciation right by asking the company to pay him the difference between the old price and the current price. That way, the executive needn't come up with money to buy the stock. Nor, in most cases, does he have to wait six months to sell the stock.

The rewards from appreciation right plans can be handsome. But there is a drawback to stock appreciation rights, too. As they accrue, companies must charge the accruals against earnings. This drawback, combined with the possibility that the Securities & Exchange Commission will relax its Section 16-B, leads Deloitte's Kochis to predict: "Companies won't be as likely to adopt stock appreciation rights plans in the future."

Few corporate proxies make it easy to see how much top executives make each year from exercising their options

Bragging rights?

Within and between U.S. industries, the level of chief executive officers' total compensation varies enormously—from Michael Eisner's $40 million, all the way to A. Bronson Thayer's $9,000.

Industry	Number of cos	median ($000)	Total compensation: highest paid company	highest paid executive	($000)	lowest paid company	lowest paid executive	($000)
Beverages and tobacco	10	$1,510	Anheuser Busch	August A Busch III	$3,684	Adolph Coors	Jeffrey H Coors	$363
Communications media	21	1,473	Time Inc	J Richard Munro	7,413	Tele Commun	John C Malone	415
Financial services	17	1,339	American Express	James D Robinson III	11,241	Southmark	Arthur G Weiss	480
Food processors	23	1,320	Ralston Purina	William P Stiritz	13,005	Holly Farms	R Lee Taylor II	262
Surface transportation	13	1,297	Alex & Baldwin	Robert I Pfeiffer	2,176	Roadway Services	Joseph M Clapp	445
Leisure and recreation	18	1,246	Walt Disney	Michael D Eisner	40,100	UA Commun	Stewart D Blair	295
Health	29	1,196	Bristol Myers	Richard L Gelb	14,138	Genentech	Robert A Swanson	425
Industrial and office services	17	1,185	Waste Mgmt	Dean L Buntrock	8,584	Microsoft	William H Gates III	175
Consumer products	17	1,179	Clorox	Charles R Weaver	3,207	Whirlpool	David R Whitwam	576
Conglomerates	9	1,110	ITT	Rand V Araskog	3,038	Berkshire Hathaway	Warren E Buffett	101
Chemicals	31	1,078	Sterling Chem	J Virgil Waggoner	7,380	Gr Amer Mgmt	Samuel Zell	28
Aerospace and defense	21	1,070	Litton Industries	Orion L Hoch	4,608	Grumman	John O'Brien	515
Telecommunications	19	1,032	US West	Jack A MacAllister	2,347	McCaw Cellular	Craig O McCaw	304
Construction	21	990	Exco Laboratories	John E Fort	3,340	Turner Corp	Alfred T McNeill	285
Apparel, shoes and textiles	9	985	Reebok Intl	Paul B Fireman	11,443	Nike	Philip H Knight	260
Oil	31	978	Mobil	Allen E Murray	2,847	Amerada Hess	Leon Hess	315
Insurance	45	975	American Family	John B Amos	4,526	Washington Natl	Robert W Patin	188
Retailing	37	904	Toys 'R' Us	Charles Lazarus	4,429	Price Co	Robert E Price	230
Metals	18	889	Reynolds Metals	William O Bourke	1,408	Wheeling Pitts	Wm I Schaffenberger	300
Computers and electronics	32	863	Digital Equipment	Kenneth H Olsen	9,984	Intergraph	James W Meadlock	263
Automotive	20	860	Ford Motor	Donald E Petersen	10,491	Eruehaut	E Neal Combs	265
Packaging	7	841	Jefferson Smurfit	Michael W J Smurfit	9,252	Longview Fibre	Richard P Wollenberg	379
Heavy equipment	14	826	Parker Hannifin	Paul G Schloemer	2,103	Timken	William R Timken Jr	556
Paper	13	823	Mead	Burnell R Roberts	4,087	Consolidated Papers	George W Mead	398
Air transport	9	809	UAL	Stephen M Wolf	6,423	Pan Am	Thomas G Plaskett	507
Natural gas	16	729	Pacific Enterprises	Paul A Miller	1,302	Kansas P&L	David S Black	271
Electrical equipment	7	638	Emerson Electric	Charles F Knight	2,345	Square D	Jerre L Stead	532
Banks and thrifts	185	604	Columbia S&L	Thomas Spiegel	8,734	First Florida Banks	A Bronson Thayer	9
Food distributors	19	589	Kroger	Lyle Everingham	4,873	Bruno's	Angelo I Bruno	322
Electric utilities	62	441	Ipalco Enterprises	Zane G Todd	1,769	PSI Holdings	James E Rogers Jr	59

and rights. Instead, many report the total gains for three- or even five-year periods. In its latest proxy, American Express reports that Chief Executive James D. Robinson III realized stock option gains of $7.69 million over the past three years. How much of that was realized in 1988? To answer that question, you have to dig out the proxies for 1986 and 1987, which show that Robinson's gains from exercising stock options in those two years could not have exceeded $1.27 million. Subtract this amount from the three-year figure given in the 1988 proxy, and Robinson's realized gains on stock options in 1988 came to at least $6.42 million. That boosted his total compensation last year to $11.2 million, but it took plenty of financial detective work to arrive at that figure.

It's interesting to note that despite the recent income tax rate cuts, deferred compensation plans remain popular. Fredrick Schick, a senior executive compensation consultant with the Chicago branch of Noble Lowndes, says the number of such plans offered by companies with sales of over $1 billion increased 20% last year alone.

They come in all shapes and sizes. In one popular variety, the executive has the right to defer a portion of compensation until termination or retirement. Does this make sense? That depends on the tax and interest rate assumptions you make. Deloitte's Kochis notes that many companies pay interest at prime or better on their executives' deferred compensation accounts. "Compounding pretax money gives you some very, very attractive aftertax returns," says Kochis. But he concurs in Schick's warning that an executive risks losing his entire deferred compensation bundle should his employer go bankrupt, or even be taken over.—**Susan Chin**

People at the top in their own words

By Patrice Duggan, Michael Fritz, William Heuslein and Lisa Scheer

THE 800 PEOPLE who run the country's largest companies collectively earned $782 million last year. Almost half of them were paid $1 million or more, including gains realized on company stock options. (The dollar figures below are the executives' total 1988 compensation.)

So much for gross abstractions. What do individual chief executives actually think about—and do with—all the money they make? Is there life after work?

To find out, we called dozens of the country's highest-paid executives and asked a lot of questions: How do you spend your leisure time? Where do you go on vacations? Do you have a second home? Where? What career advice do you have for young people? How do you invest your money? And so on.

Some of the executives we contacted were understandably reluctant to talk about such personal matters. But many more responded generously and articulately. What emerged from the interviews were portraits of chief executives as people of parts—hard to generalize about, impossible to stereotype. Work is, of course, important. But so are skiing trips, charity and community service work, and—clearly above all—families. Many of the executives said they were surprised to be earning as much as they are.

Here, 44 of the country's best-paid executives talk to FORBES about things they don't often talk to reporters about.

Ralph E. Ablon

Ogden Corp.

$4,340,000

"The Lamborghinis, Ferraris and jumping horses are behind me. I have deteriorated to fishing—anywhere, anytime," including Newfoundland for salmon, Florida and Costa Rica for tarpon. Also swims four days a week and builds furniture at Connecticut workshop. Drives automatic shift 1989 12-cylinder Jaguar coupe—"a sheer, absolute, pure indulgence."

Career advice: "A job is a means to an end. If you're looking for a specific career because you think it will make you happy, forget it. You have to make you happy. Jobs—even salaries—don't do it once you get used to them."

On achieving success: "A successful person is generally somebody who has been in the right place at the right time and in possession of an idea whose time had come. The fact that he looks back many years later with a fair amount of money in the bank and earnestly tells everybody how he planned it—this is mostly for his own consumption. I'm much more inclined to think of what I do as a grown-up version of kids' games: king of the hill, duck on the rock, run sheepie run. But I'm not very popular with my peers."

Most admired person: "Your boss, Malcolm Forbes. Most people are so busy pretending what they're not that

we never know who the hell they are. I admire his self-sufficiency and his unabashed joy in living."

Biggest personal expenses: New York and Connecticut homes. Also his fishing boat.

Personal investments: Divides investment portfolio evenly among fixed-income securities, equities and real estate. Uses an adviser to help execute plan.

Best investment outside Ogden: "The real estate I bought to live in." Worst: stocks. "I have never owed money to anybody since I got out of college."

On earning more than $4 million in 1988: "I regularly get letters from people questioning whether that is justifiable pay for a CEO. I know exactly how they feel. I live on a scale that my parents would not have dreamed of. When I was getting out of college and planning to live very happily with my wife on $75 a week, the president of U.S. Steel was getting $75,000 a year. I would have signed a lifetime contract for $15,000 a year and been willing to sign a petition saying that nobody should earn over $25,000 a year, and then gone out and voted for Norman Thomas for President."

On passing on wealth: "I have wanted to make sure that my four children could take any job they wanted and not be obliged to take something to afford a car or an apartment. So I have made sure my children have a very modest kind of income source, entirely for the purpose of giving them freedom of choice as to what they do. It doesn't mean they can have a house on the Riviera. It means they can drive a car and pay rent or buy an apartment."

Dexter Baker

Air Products & Chemicals

$1,895,000

A ten-year resident of Wimbledon, England—where at 30 he set up the European operations for Air Products' industrial gas business—Baker played tennis greats Ken Rosewall, Rod Laver, Arthur Ashe, in round robin Pro-

Am tours. With wife, Dottie, owns second home on golf course at Hilton Head, S.C.

"We're on the eighth fairway, but we're only one fairway away from the tennis court. I've been accused of interviewing our daughters' boyfriends on the tennis courts." In addition to Hilton Head home, has house on 20 acres in Allentown, Pa. and a condominium in Boca Raton, Fla.

His biggest personal expense is charitable contributions. "I contribute between 20% and 30% of my annual income to charities." The beneficiaries include a minority Boy Scout program in Lehigh Valley, the Allentown symphony and chamber orchestras and both Muhlenberg College and Lehigh University.

Personal investments: Biggest investment outside of 340,000 shares of Air Products stock is real estate. Owns a part interest in Allentown

Hilton. Also buys tax-exempt municipal bonds, mostly Pennsylvania school or authority bonds, and Windsor Mutual Funds through Air Products' profit-sharing plan.

Worst investments: tax shelter deals on apartment buildings in other cities. "I got the shelter, but I didn't get much gain." Lesson learned: "Out of sight, out of mind also means out of pocket."

The business leader he admires most: Robert Galvin, chairman of Motorola. "He has gotten everyone in the company thinking quality, and competing with the Japanese on the basis of quality of products and meeting customer satisfaction at a high standard."

William Boeschenstein

Owens-Corning

$2,545,000

"I don't know whether you call it relaxing, but I do play golf and tennis." Also reads business magazines,

current novels—"some that are kind of trashy"—including *Red October*, *Cardinal of the Kremlin* and other Tom Clancy books.

"My principal investment has been in Owens-Corning [he owns 279,100 shares, worth $7.8 million]. Last year I exercised a stock option that was in its tenth year, and that was a major investment for me."

Does his own investing through a diversified portfolio with ten categories and no more than 10% to 15% weighting in each. "I tend to look at the weightings of the sectors and move them around depending on what the economic environment appears to be."

Long-term investor. "I've dabbled in private partnerships, but it's been absolutely minimal. I tend to stick with names like IBM through thick and thin."

Also buys fixed-income instruments maturing in five years or less. "The yield curve being what it is, it doesn't seem the appropriate time to go very long. And the economy is relatively uncertain."

With wife, Molly, buys paintings from art galleries. "We haven't struck any artists who have become well known. We collect on an intuitive basis."

Advice to his children pursuing business careers: "I've long since learned that you don't tell your kids what to do. You let them make their own decisions. I've encouraged our four sons to find something that turns them on, in a field in which they have a significant interest."

Among big expenses are improvements on 60-year-old home in Perrysburg, Ohio, outside Toledo. Owns an apartment in Oceanridge, Fla.

Charities: trustee, Toledo Museum of Art; member, national board, Smithsonian Associates. Boeschenstein contributes primarily to hospitals and to education.

Dean Buntrock

Waste Management

$8,584,000

If I didn't exercise stock options this year, you wouldn't be talking to me." Buntrock, son of a South Dakota International Harvester farm implement dealer, likes to hunt—"something my father and I enjoyed doing together"—primarily duck, quail, pheasant, at family-owned farm near Lake Geneva, Wis. Hunts big game in continental U.S., British Columbia, Alaska, Tanzania.

Also collects art depicting the American West and, with second wife, Rose Marie, enjoys Chicago Symphony Orchestra.

Largest expense: hunting.

Best investment: Waste Management, in which he owns stock worth

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nearly $79 million.

Worst investment: "[Silence] . . . I guess I forget all the bad ones."

"I do very little investment in the stock market. I'm an investor in Burnham Partners; we own five television stations. It's a project with some friends."

Opinion of his compensation: "Those stock options aren't worth a dime if the stock doesn't go up. It's a tax-planning exercise. But you don't see the money. It's not cash that comes flowing through your account."

Three daughters: a registered architect; a former arbitrager at a New York investment bank, recently married, now living in London; and a freshman at UCLA.

"This company has gone from $16 million to $4 billion [in revenues] in 18 years. Most of my time is work-associated. I guess the time that my wife and I enjoy privately is at our home on the lake near Chicago, and poking around the farm sometimes weekends."

Stanton R. Cook

Tribune Co.

$5,881,000

"I love doing a little photography—no time for developing, I just enjoy taking pictures." Also, fishing: "I usually try to fish for Atlantic salmon, flyrod fishing in Quebec."

David Hiser

Builds model airplanes. "I do a little amateur carpentry. I'll tackle a small building."

For vacations, heads up to his lake house in Michigan. "I'll take an occasional weekend and go up, but I haven't been able to do that for six months."

Family: "I prefer not to comment about my children other than to say I'm very fortunate to have them."

Largest expense: "My college efforts are winding up this year. I think that it's a balance of trying to provide a measure of giving to worthy charities and organizations within your community."

Favorite charity: "I'm very partial to Northwestern. I'm a graduate and trustee."

Investing: "I pretty much depend on professionals to help me in this area."

On his success: "I imagine my parents would be surprised and probably pleased. I'm from a very modest family. I've been very fortunate, and I count my blessings."

Business leader most admired: "I've been fortunate to work with some wonderful people in my company and those are the people that I have great respect for."

John Curley

Gannett

$1,987,000

Curley runs 25 to 30 miles a week and plays tennis at Washington, D.C.'s Kenwood Club. The grandson of a Lehigh Valley Railroad engineer, he still plays with model Lionel and HO trains. "We finally got a basement with room, so we set the trains up this year." Big fan of Penn State University football and San Francisco Giants baseball.

Has two sons: 24-year-old photographer-turned-rock musician, and 20-year-old Duke University junior majoring in political science [will intern as reporter this summer].

Consumes newspapers and books. Recent reads: Neal Sheehan's *Bright Shining Lie*; Dick Francis' *Hot to Print*. Owns a vacation home near Bethany Beach, Del., but spends 70% of his time traveling and says "I haven't been there since last October." Last vacation: tennis and beach slumming in Virgin Islands. Favorite vacation: tennis on Paradise Island, Bahamas. "It's not very exotic, but it is close."

Doug Menuez/Picture Group

Biggest expense: paying off $800,000 loan on 67,000 shares of Gannett stock bought in the low 30s; the stock is now worth $2.8 million. Also, mortgages on two homes and Delaware beach property.

Invests extra cash in Gannett stock. Also two mutual funds, but outside of Gannett prefers real estate. Investment goal: capital preservation. "It's easier to lose money than make it." Worst investment: some soured tax-shelter housing deals.

On earning $2 million: "I think one is always surprised to be making that much money if one didn't expect to make that much money." When did he consider himself to be making a lot of money? "About 15 years ago, when I was earning $50,000."

Martin Davis

Gulf & Western

$4,567,000

"If you want pictures of New York, you're talking to the right guy." A native of the Bronx, Davis photographs Central Park and other New York scenes from the window of his office on the 42nd floor of the Gulf & Western building. His favorite shot is of the United Nations building, "when the U.N. was part of the slaughterhouse district of New York."

Rides horses in Connecticut, skis in Europe, New England. Collects art. "I relax working, but I'm not a workaholic. A workaholic is someone with a problem."

Davis' investment strategy: "I don't devote any time to investments. You

Andrew Popper

ask me what I own? Besides Gulf & Western [939,233 shares, worth $50.5 million], I don't know. I don't have very much investment in other companies. I always invested where I work."

Charities: chairman, National Multiple Sclerosis Society, for which he raised $2 million at Dinner of Champions this April. Met wife Luella at MS fundraiser 17 years ago. Board of trustees, Carnegie Hall. "I [support] anything having to do with preserving something or with children."

"I like cars. I pull them apart and put them back together." Drives a 1963 Buick Special and 1973 Mercedes 450 SL convertible, both kept outside Manhattan. "If I kept them in New York, the garage fees would break me."

Most admired business leaders: Thomas Murphy, chairman, Capital Cities/ABC; and General Motors' Alfred Sloan. "I keep his book *[My Years With General Motors]* in my desk drawer. You learn more about conglomeration and deconglomeration and restructuring there. It's a great primer."

Daniel P. Davison

U.S. Trust

$3,833,000

Investment goal: preservation of capital, especially since turning 60 four years ago. Davison's grandfather was senior partner at J.P. Morgan Co. "That money provided a nice standard of living for several generations, but it's been divided and taxed so many times there isn't an awful lot left. I watch my U.S. Trust stock, and my company's advisers watch whatever I have outside that." Favorite investment: Burlington Northern. Worst: oil limited partnerships, before the oil crash and tax reform. Biggest expense: mortgage and upkeep on 1,200-acre south Georgia farm, bought in 1973.

"I'm also the central banker for my family. My children are having families, and sometimes they need help. I'll certainly provide educational expenses for my grandchildren." Backs family ventures, including son's real estate and business record storage ventures in Dallas; nephew's mussel farm in Maine.

In summer, Davison sails his 30-foot auxiliary sloop *Stormy Weather*, moored at Long Island's Peacock Point. Real passion [like that of his father, who headed New York's American Museum of Natural History] is bird hunting.

Spends about two weeks between November and February shooting quail at his Georgia farm. "It's a family place. All three sons are keen sportsmen. They've learned by their father's mistakes."

Occasional fly fisherman and collector of 19th-century sporting paintings. Last vacation away from farm: one week at Long Point Co., Ontario, a Canada hunt club.

Philanthropic pursuits: Metropolitan Museum of Art, Nature Conservancy, Cooper Union, Cornell Medical School. Member of Piping Rock and Union clubs. "The company covers dues for one of them, but I don't want to say which—it's a difficult legal question these days."

Business advice to his sons: "I don't care what they go into so long as they enjoy it, they're productive and they're happy."

James R. Eiszner

CPC International

$2,417,000

Managed to sneak in four weeks last year casting for bass at lakeside Poconos cottage. Also plays Knickerbocker links four or five times annually with 26 handicap. "I just don't have any of these scintillating occupations or vocations. The opportunity for a CEO to develop a lot of leisure activities indicates that either he's got his succession already in place or he's ignoring his company. I'm hoping I can spend a little bit more time away from the office, since it's probably beneficial for my potential heirs to function without having me look over their shoulders."

Favorite vacation spot: former lake cottage near Tomahawk, Wis. "The fishing was reasonably good, and the quiet was wonderful."

Two sons: one is an antitrust litigator, and the other is a national sales manager for a textilemaker. Career advice: "The minute you are really unhappy with your job, quit. No job is worth working at if you're miserable doing it."

"My father employed four or five people at a small machine shop in Chicago. He retired in 1949, and my guess is that he never made more than $15,000 a year. I have thought many times that it's too bad my parents didn't get to see me make CEO, but they saw me elected a vice president, and that thrilled them."

Two years ago sought out financial adviser. "He pointed out that it really wasn't appropriate that 95% of my net worth was in CPC stock—no matter how much I believed in CPC. I've been trying to diversify recently. Treasury bills are the temporary catchall till we decide what this crazy

bond market is going to do." Thinks oil stocks, such as Amoco and Exxon, look good.

Avoids real estate: "I find that a little difficult to do, which is probably why a lot of other people make a lot of money at it." Worst investment: Armco Steel.

Most admired business person: Merck's Roy Vagelos. "Much of the success he is enjoying is the result of the work he did when he headed their R&D activities. He's also a decent human being."

Lyle Everingham

Kroger

$4,873,000

In his spare time, says Everingham, "I do a little of a lot of things. I'm a lousy swimmer, I show up on the golf course, I'm a hacker on the tennis court, and a lousy piano player and a lousy organ player. But I still enjoy myself."

Vacations: "In the last few years we have taken our family on spring skiing vacations in Colorado. We have a condominium in Naples, Fla. that we get to occasionally."

Everingham and wife, Rlene (pronounced Arlene), have three children. "But only the youngest is living at home. She's 25. She sleeps at home, but she's not here very often." Also, four grandchildren.

Biggest expense: "The upkeep and paying the mortgage on my house."

Personal investing: "I have someone else do it for me. I just don't have the time."

Favorite investment (aside from Kroger): "No favorite, but recently I've put a lot in government securities." Primary financial objectives: "Security, and to be able to fund the things I want to fund—like my grandchildren's education."

Worst investment: "I've been in a few oil wells that I wish I hadn't."

Everingham's primary charity: the Salvation Army.

Business leaders most admired: "I have a great deal of respect for my predecessors here at Kroger, Jim Herring, Jake Davis and Joe Hall."

Is $4.9 million a lot of money? "To me it's a lot of money. I would have to say my fortunes at Kroger have been beyond my expectations. I come from a very humble beginning, and I have to pinch myself with regularity."

Paul Fireman

Reebok

$11,443,000

Last few years has spent Christmas with family in Aruba—"an incredibly warm, family island." Golfs, sails with family, plays bridge and poker. Favorite restaurant: Luna Cafe in Chestnut Hill, Mass. "Unpretentious, and everything from roasted chicken to fish to pizza, which I like."

Biggest expense: three children's education.

With wife Phyllis, owns nearly 15% of Reebok stock, lately worth $223.3 million. Investment strategy: "The investments I like the best are ones I can see or smell or taste. I'm not that big on the stock market, although I do invest in it. I prefer land or buildings or something where I can see how it participates in the world more directly. I happen to be investing in the construction of a golf course, though I don't want to say where."

Worst investment: "I lose money mostly when I'm speculating, and in an area where I have no expertise. My worst investments are usually stock- or venture-related."

Charities: Combined Jewish Philanthropies, the Anti-Defamation League, Boston Museum of Fine Arts.

Career advice: "Find a company that has the kind of commitments in life that you want to stand for—it's not a question of a big company or a small company. Secondly, start at a job that you will not have later in life when you succeed, because at some point in your life you will need to reflect back on that early experience. The more levels you skip in the early stages will just make it that much more difficult for you to relate to the people you're going to be leading."

S. Parker Gilbert

Morgan Stanley

$4,455,000

"I love to fly-fish for salmon in Canada or Iceland and to surf-cast out on Long Island." Has homes in Manhattan, Southampton, and a third near Charleston, S.C. Keen golfer (handicap: 7), especially at Long Island's Shinnecock Hills club.

After graduation from Yale (B.A. History, '56), spent three years in U.S. Army counterintelligence, then joined Morgan Stanley.

"When I started, the firm had not many more than 100 people and $7 million in capital. Now we have roughly 6,500 people and our total capital, some of which is debt, is about $2.5 billion."

Relaxation reading: "I mainly buy action novels for long airplane rides. I just finished James McPherson's *Battle Cry of Freedom*, which is about the Civil War."

Personal investments: "I don't have a large investment portfolio. My investments are in Morgan Stanley

stock. That's it. Over the years we've built up a significant interest in the firm. [He owns 1,143,199 shares, worth $66.1 million.] That's the way I want it to be."

Gilbert and wife, Gail, have three children. "Our daughter works for Hill & Knowlton and our oldest son is at business school at New York University. The youngest son goes to Middlebury College."

Charity and community service activities: vice chairman of the board of New York's St. Luke's/Roosevelt Hospital Center; president of the board of trustees of the Pierpont Morgan Library; member of the Alfred P. Sloan and Josiah H. Macy foundations; on the board of the Hotchkiss School.

Daniel E. Gill

Bausch & Lomb

$2,210,000

"My wife, Dorothy, and I have a summer home on the Finger Lakes in upstate New York. We have a tennis court there, and I love to play and to spend time on the lake.

"I love the warm weather. Love Barbados. We always go for at least a couple of weeks in the winter." They usually take along their four children. "Two of them go to Columbia's graduate school—one is a Ph.D. student in history, one in the M.B.A. program. Another son is in the M.B.A. program at the University of Chicago, and the fourth is graduating from Boston College and was just accepted into Harvard in psychology. I ended up with a very academic family."

Phil Matt Gamma-Liaison

Biggest expense: "With four kids in graduate school, education is by far the biggest expense."

Favorite restaurant: "In Rochester, the Genessee Valley Club [private]. In New York City, I enjoy the Four Seasons. But I eat out for business so much that any time I don't have to, I love to stay home."

Investing: "Most of my investments are in upstate New York. I tend to invest in real estate projects, always as a silent investor." Worst investment: "I once invested in a developmental oil well. It was the one time I didn't invest in upstate New York, and it turned out to be nothing but dry holes."

Charities: United Way (formerly Rochester's Capital Campaign chairman) and the Rochester Philharmonic Orchestra.

"Some of the people that I most admire in business are the presidents and founders of companies that we have acquired. Dr. Henry Foster founded Charles River Laboratories. He started it from scratch, ran it for 40 years and built it into a $100 million company."

Alan Greenberg

Bear, Stearns

$2,448,000

"I play a lot of bridge." Nationally ranked bridge player "Ace" Greenberg plays with old friends Milton Petrie, Laurence Tisch.

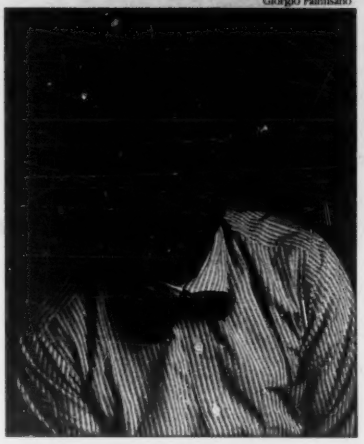
"I also love magic." Performed for around 300 people, mostly children, at Bear, Stearns' Park Avenue headquarters last Christmas. "I'm working now on next year's show. I'm getting nervous. [To practice] I stand in front of a mirror and act crazy.

"I love to train and show dogs. I have two dogs, a Papillon and a Canaan. I like to fish. Horseback ride. I hunt antelopes, deer with a bow and arrow, in the past in Mozambique and South Africa."

Has he ever killed one? "The answer is yes. I've done that naughty thing. Look, every time I killed one of those things I saved a cow's life, because we ate them. Everything we shot we ate." Doesn't use guns. "I never heard of anyone getting killed with an unloaded bow."

Best investment: stocks and short-term bonds. "If I buy a bond, I want it to be a three-to-six-month maturity. Basically I'm afraid of inflation." Invests modestly in real estate.

Giorgio Palmisano



Married second wife, Kathy Olson Greenberg, two years ago in June. She teaches at Cardozo Law School.

Charities: "I'm very involved in about 10 or 15. If I mention the charity, it's like bragging. I'm very interested in charity. I don't like the meetings, but I'm very happy to try to raise money for them." One of largest single donors, United Jewish Appeal, New York City.

Career advice to children? "My daughter was the first woman member of the American Stock Exchange. That was 11 years ago. She rents the seat now. She's a mother. My son is head of risk arbitrage of the Dresdner Bank in New York City. Does that answer your question?"

John Gutfreund

Salomon Brothers

$5,113,000

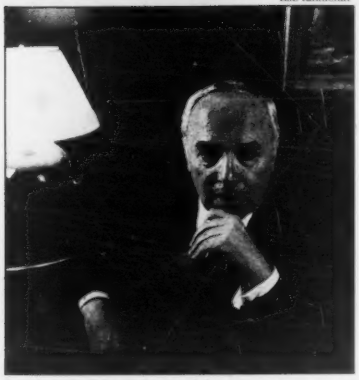
A museum habitué, Gutfreund says, "I like the great Flemish masters, tapestries in the Cluny museum in Paris, almost everything except the extreme modern art, which I don't feel or understand. I have no great desire to own paintings. I really just like to see them."

Maintains a sumptuous Fifth Avenue apartment and a home on Paris' Left Bank, near the Musée d'Orsay.

Gutfreund's investment strategy: outside of Salomon stock (worth $2.9 million), oil and gas limited partnerships through Phibro-Salomon and various limited partnerships with merchant bank Warburg Pincus and a

People At The Top/In Their Own Words

Rob Kinmonth



fund managed by Gibbons, Green van Amerongen.

Worst investments: At age 30, backed a couple of friends' plays, lost a total of $10,000. Also lost about ten years ago on some "high-technology deals where I would just sign a check—$10,000, $25,000—never money I was not prepared to lose if it didn't work out."

In 1987's fourth quarter, when Salomon lost $152 million, Gutfreund forfeited bonus, took $300,000 salary. "I didn't do as good a job as I thought I should have." In 1988 earned $4 million, salary and bonus. "[The board was saying] that I had done a much better job. But like any company, we could always do a lot better."

Largest expense: charitable contributions. "I usually give away something in excess of 10% of my income." Chairman, finance committee, New York Public Library and Oberlin College. Executive board, Montefiore Medical Center, Bronx.

Favorite vacation spots: "I don't like sitting on beaches on islands. I like London a lot, probably because the language keeps me comfortable."

Four sons, one a recording studio executive, another a merchant banker (at Warburg, Pincus). A third quit vice presidency Lazard Frères recently to pursue Ph.D. in history. Youngest—3½, with second wife, Susan—"not gainfully employed."

Advice to sons on choosing business careers: Do what they feel best doing. "I like to think they arrived where they are because it's their own choice."

Admires Warren Buffett, whose Berkshire Hathaway owns 12% of Salomon stock. "He has common sense. In addition to smarts, that's something of use to me."

John Hall

Ashland Oil

$2,306,000

Hall tackles the "Old White" golf course when relaxing at his private cottage at the Greenbriar in West Virginia. Handicap of 20 and falling. He also speed-walks and does some weightlifting. Last vacation: Canyon Ranch, "an exercise sort of place" in Tucson. Reads history and current events; recently completed Stephen Hawking's *A Brief History of Time*.

Philanthropic pursuits: Trustee at Vanderbilt University (B.S., 1955), and Transylvania University of Lexington, Ky., also a member of American Petroleum Institute.

Career advice to 18-year-old son, now freshman in liberal arts at Hampshire College: "I think it would be good for him to go into information technology. It's a rapidly growing business. He's had an active interest in computers all his life."

On present success: "For a person like me who is from humble beginnings, $2.3 million is certainly a lot of money. But the most important thing is to have a sense of accomplishment—that you're contributing to the welfare of the organization and to society. That's more important to my own personal esteem than how much money I'm being paid."

For personal investments, employs an investment adviser and looks for capital appreciation. "I generally try to invest in things that I know something about." Holds stock in Ashland (owns 43,439 shares worth $1.8 million), and serves on the board of Banc One Corp. and Reynolds Metals Co. Best investment: Ashland. Worst: Bonds. "I bought bonds some time back, when interest rates were lower."

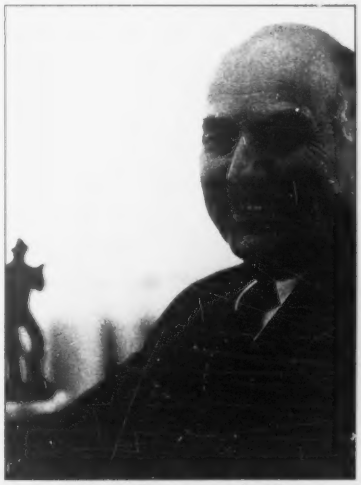
D. Gorton

Hall's most admired businessman: the late Paul Blazer, who founded Ashland Oil in 1924. "His values formed the foundation of the company's corporate culture. To a large extent you'll still see those values in our employees."

Charles M. Harper

ConAgra Inc.

$2,704,000



Mike Harper slips out to his house in Snowmass, Colo. two to three weeks a year. "I like to ski, and it's also a great place to study your belly button in the summer." Gathers four children and nine grandchildren at Snowmass for holidays.

Plays a little golf: "I hit a very long ball, but it winds up going in a circle sometimes." Likes fiction "that goes in one eye and out the other" while riding stationary bike in mornings (taken up after 1985 heart attack). Most recent book read: Tom Clancy's *Red Storm Rising*.

Dropped sailing for piloting a Cessna 182 and an open-cockpit Stearman. Recently set a San Francisco-to-New York speed record. "You do what's available. There's a lot of flat land around here."

Biggest expense: parental care. "We have been fortunate enough so that we can take care of that."

Investment strategy: "I invest in the company I'm working for, so it's mostly in ConAgra stock. My finan-

cial planning occurs when I come to work. If I do a damn good job, then my investment prospers."

"We're earthy people: We live very simply. Our income is certainly greater than my parents', but our standard of living hasn't really changed. I'd much rather come home to a turkey burger than go out." Drives a three-year-old Lincoln Continental. "It runs good and doesn't rattle, so I'll keep it forever."

Career advice: "Look for a very simple idea and try to build a business. Don't get lost in a company that has a lot of procedures and policies that inhibit people from getting things done."

Most admired businessman: Bob Daugherty, founder of Valmont Industries, a $663 million (sales) irrigation systems maker. "He's a top-drawer entrepreneur who was able to become a professional manager."

Stephen D. Hassenfeld

Hasbro

$2,026,000

John S. Abbott

Lives on Narragansett Bay, R.I., about halfway between Providence and Newport. "When I go out on the back deck and sit over the water, I feel like I have my dream house or summer home."

Likes tennis and snow skiing. "And I enjoy sailing. Here in Rhode Island we've had the America's Cup races as long as we have because the Newport area is considered to have the finest racing waters in the entire U.S. Of course, there will be some who will contest that. I do like to get away. I love several of the Caribbean islands, and sometimes I'll charter a sailboat for a week or ten days."

Has begun collecting art. "I won't say avid, but I'm getting avid. Most of it is contemporary art. I first got into it as we did our New York office three years ago. I felt the spirit of the office should reflect the business that the company is in, and that it should have an edge. That edge should include art. Not sailing ships and hunting scenes, as you might expect in a merchant bank or a law firm, but something more reflective of the [toy] business. So I began looking at and studying contemporary art, and now I'm probably in three or four galleries a week."

Principal charity work: the Joint Distribution Committee. "It's an organization based in New York that is dealing with the Russian emigrants finally coming out of the Soviet Union. We are talking about 40,000 people this year."

On his personal investing: "I do much of it myself. I'm generally an equities player. I try to change my thinking every 12 to 18 months."

Worst investment: "Some startup operations. I haven't had one of those in four or five years."

Businessmen he admires: Toys "R" Us' Charles Lazarus, K mart's Joe Antonini, Wal-Mart's Sam Walton. "They have all done brilliant jobs."

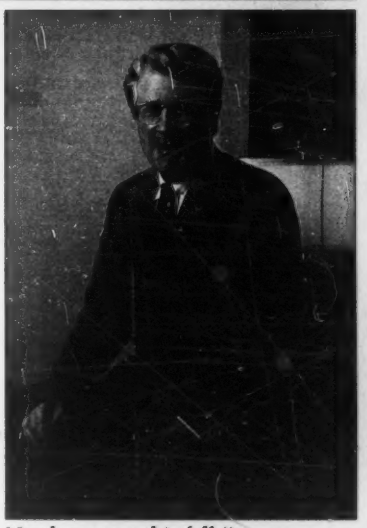
Alan P. Hoblitzell Jr.

MNC Financial

$2,412,000

"In the wintertime we ski in Taos, N.M. a good bit. This past winter we went to Beaver Creek, Colo. for the first time." During the warmer weather, "I sail on the Chesapeake Bay. I have a cruising sailboat." Also enjoys a summer place on Nantucket Island. "And I like gardening. Green thumb? It's green in the middle and brown on the edges."

Has four children: girls, ages 30, 28 and 26; and with second wife, Louise, a boy 13 months. "It took me 25 years to figure out how to have a son. The oldest girl is a quilter, or a fiber artist, really. The middle one is graduating from Columbia business school and will be rejoining Goldman, Sachs. The youngest one will be attending the Kellogg school of business at Northwestern this fall."



Princeton graduate ('53) and supporter, Hoblitzell also serves on the boards of Johns Hopkins Hospital and University. Hoblitzell's charities: "My wife and I are running the United Way campaign in central Maryland. And we support the Baltimore Museum of Art heavily. She is president of the board."

On personal investing: "No particular favorite investment. Most of my investments are either in income-producing securities, real estate or the securities of the companies where I'm on the board. My accountant helps me out."

His worst investment: "The worst I ever did was in a very small television-related company, which no longer exists."

Thoughts on his success: "I don't think any of us have an idea where we will end up in the corporation. I had no sense of what I would ultimately be earning. Obviously I'm pleased and delighted with what I do earn."

Orion Hoch

Litton Industries

$4,608,000

"When I get free time, I play tennis and I read. And if I have the opportunity, I like to just sit on the beach. Right now I'm reading *Red Storm Rising* by Tom Clancy, and *The American Way of Life Need Not Be Hazardous*—my doctor gave me that one."

Spends weekends at a small condominium on the beach in Malibu. Last

vacation: Santa Fe, N.M.

Hoch and his wife, Nan, have five children. "Four graduated and one to go. One is in business with a small software startup in the San Francisco Bay area. One daughter works for an advertising agency, one is a lawyer and one is home raising children." Also, three grandchildren.

Advice to children going into business: "It's important that they enjoy what they're doing, and that they join a viable company, one with some future. I think that those are the only restrictions that I would put on it. I don't think I've had much influence and effect upon my children. In directing their careers, they have chosen their paths themselves."

Biggest expense: children's education. "We had four in college at once." And: "If you live down here in the Los Angeles area, your home is a major expense."

On personal investing, Hoch says: "I have a portfolio that is managed by a Wall Street firm. Then, on my own, I make selected venture investments, principally in startups. Picking investments is a hazardous job at best, and I don't think that there are any cut-and-fast rules."

Point at which he thought he had surpassed his expectations: "I think when I received my Ph.D. [in electrical engineering] from Stanford."

Most admired business leader: GE's Jack Welch. "I think he took on a formidable task of changing the culture of GE, and he is succeeding."

Blake Little

Allen F. Jacobson

Minnesota Mining & Mfg (3M)

$2,166,000

Michael L. Abramson/Woodfin Camp

How does it feel to make $2 million? "I just want to get up to where the baseball players and rock stars are!" laughs Jacobson.

"I gave up skiing Feb. 25, 1952 at Aspen. I had to spend the next ten months in a cast." Interests now include gardening and photography; he collects old cameras, notably Leicas (FORBES, *Oct. 31, 1988*).

With wife, Barbara, Jacobson lives in North Oaks, a wildlife preserve outside of St. Paul, Minn. A reader now reading William Eaton's *Who Killed the Constitution?* and *Citizens*, Simon Schama's new book on the French Revolution.

"We usually take at least one trip a year to some place that's interesting." In March visited the Galapagos Islands. Recently remodeled family's second home, in Naples, Fla. "It seems like it takes a live-in painter and carpenter."

Community service and business activities: St. Paul United Way, Executive Council on Foreign Diplomats, Chairman of the Emergency Committee for American Trade, Business Council, Business Roundtable and U.S.–U.S.S.R. Trade and Economic Council.

Career advice: Jacobson passes his father's advice on to his college-age children. "Run your own job and don't look elsewhere for leadership. Yes, you can follow somebody and it's good to have a mentor. But in the final analysis, you have to provide your own leadership if you are going to do the right kind of job and be happy."

David Kearns

Xerox

$1,865,000

Kearns jogs 4 to 5 miles a day, a few days a week. "I'm a physical fitness addict." Ran the 1979 New York Marathon in a little over four hours. "I did terrible, but I finished." Now limits himself to stationary bike in Xerox gym. A few years ago sold his Cessna 210 and turned his interests toward golf instead; handicap: 12. Has homes in New Canaan, Conn. and Vero Beach, Fla.

Investment strategy: outside of 25,000 shares owned in Xerox, owns real estate, medium- to long-term bonds, mostly tax-exempt. "People are always talking about bonds not being a hedge on inflation, but you can get in and out of bonds, too."

Best investment: real estate. Worst investment: real estate. "I've had some absolute disasters on real estate in Texas. One is going through bankruptcy. We'll probably lose everything when it's over."

Other investments—including condominiums in Norwalk, Conn. and Rochester, N.Y.—have paid off. "We've turned a few over and have taken profit out of that."

Businessman he admires the most: Johnson & Johnson's James Burke. "He's run an extraordinarily profitable and growing business at the same time."

Biggest expense: charitable contri-

Phil Matt/Gamma-Liaison

butions. "I contribute 10% to 15% of my annual income to charity." Beneficiaries include family church, the United Way and schools—"particularly my boys' school, the Salisbury School." Former board chairman, University of Rochester.

Kearns and wife, Shirley, have four daughters, all married, and two sons, one already in college, the other ready to enter.

Advice to people interested in business careers: "Get the opportunity to work for a company like Xerox or IBM, early on in a career. Companies like these are involved in worldwide manufacturing, development and marketing. The U.S. is in a worldwide economy now. We have to be able to compete globally."

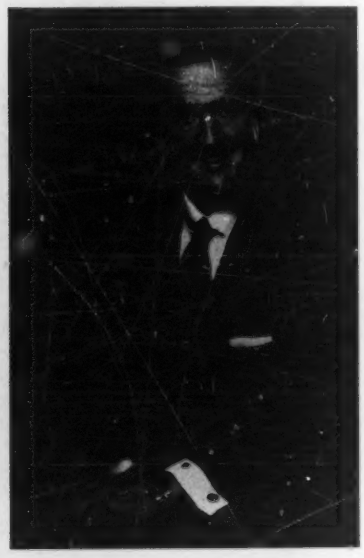
Robert Kossick

National Community Banks

$2,199,000

"I give at least half of my free time to my two children still at home." (Two others attend college. Daughter at Vanderbilt, son at Tulane)." Plays tennis at Seaview Country Club, Abescon, N.J.; sails on Delaware Bay; fly-fishes for trout in upstate New York. "I run and exercise in a comprehensive manner at least four or five times a week."

Collects antiques, especially English furniture (begun during Citibank posting to London in early Seventies). Also restoring century-old



house in Tuxedo Park, N.Y. Likes management and finance books, recently Benjamin Friedman's *Day of Reckoning* and Tom Peters' *Thriving on Chaos*. Doesn't like air travel. "I limit my flying a great deal more these days, simply because I'm concerned about what's going on in the airline business."

Career advice to children: "I became a banker more by chance than anything else. If they're interested in banking, they need to get focused early in their course work. Then join a strong money center bank for three to five years. Then take that knowledge to a regional bank where you can get to see a wider spectrum of banking."

Personal investments: 95% of portfolio in National Community Banks stock (owns 139,000 shares, worth $5.14 million). Also owns small amounts of stock in other banks, and real estate. "I know banking, and I'd be very reluctant to invest in companies where I'm not close to the inner workings."

Best investment outside National Community: real estate. Worst: "Stocks of small, supposedly up-and-coming IPOs that did not come up as far and as fast as I had hoped."

Biggest expenses: education and mortgage on Tuxedo home.

Most admired businessman: Citicorp's John Reed, who has done "an extraordinary job of making Citicorp into one of the best-managed and highest-performance businesses around. John delivered a very simple message: A bank is like any other business and it ought to managed like a business."

Peter B. Lewis

Progressive Corp.

$2,280,000

"When I can't continue to improve at something, I have to go on to something else. So I just moved from tennis to swimming, and now I'm swimming about five miles a week."

Collects contemporary art. "I'm interested in contemporary design and architecture as well. I suppose my favorite artist is Red Grooms, and my favorite architect, Frank Gehry."

For vacations, "I've recently taken to chartering yachts. So far my experience is limited to the Adriatic, the Mediterranean and the Caribbean."

Has three children. "My youngest is studying ayurvedic medicine in Albuquerque, N.M.—it's an ancient Indian medical practice, not American Indian, but India Indian. My second son is in the hospitality business and my daughter is a lawyer who took a leave to be a bride."

Supports "entrepreneurial charities. By that I mean good efforts that are driven by zealots who have a new idea, who are trying to do things not done very well by the institutional charities."

Investing: "I invest in nothing except Progressive [he owns 4.5 million shares, valued at $153 million]. I have no other investments. Well, that's not quite true. I have about two or three other things, where I am invested with a friend, but it's a relatively unimportant sum of money."

On his financial success: "When I was 40 years old, if someone said I was going to make over $2 million, I would have told them they were nuts."

Businessmen he admires: "[illegible]ed Lerner, Progressive's chairman. I admire his values. More from a distance, Alan Greenberg, who heads Bear, Stearns *[see p. 170]*. I think it's his commitment, his intensity, the totality of his involvement—and his sense of humor."

Charles S. Locke

Morton Thiokol

$4,685,000

A 17 handicap golfer and avid cross-country skier. "One great thing about living in Illinois is that it's as flat as a rock, so you can go almost anywhere. And I read most anything, mostly history or related. But I'm a big fan of Michener."

For vacations "we usually go to the Caribbean during late December or

January because the weather is so intense around here. This year we were in Barbados."

Locke and wife, Lou, have four children, ages 22 to 33. "My oldest daughter has her own business in graphic arts and communications, my next in line, my only son, is in mergers and acquisitions with Sara Lee. A daughter in Minneapolis is in marketing, and my youngest is in college. No grandchildren yet. I keep telling the kids that. I'm thinking of a reward."

Biggest expense: "Education, but I don't have regrets about that. I'm a big believer in giving them all the education that they will take. Also, I'm getting ready to build a big house. My wife gets bored every now and then."

Charities: United Way and the Museum of Science & Industry.

On personal investing: "I've learned from experience that I'm no good at it. So I have other people do that for me."

Worst investment: "Investing with

Michael Abramson/Woodfin Camp

a friend of mine in an apartment building in Phoenix. We thought we were smarter than the people that had gone bankrupt in it the year before. We proved that wasn't so."

Thoughts on success: "I was raised on a pea patch in Laurel, Miss. My original ambition was that if I could ever get to the point where I was making $10,000 a year, I would be absolutely at the pinnacle of success."

Admired business leaders: "Roger Smith, who has taken a pretty big beating about some of the things he has done at General Motors. I bet that history will prove that he has made some pretty adroit moves. Lee Iacocca is pretty vocal when it comes to pulling his own string, but I think that he has done some pretty admirable things. And Ed Brennan of Sears is in the process of making dramatic changes and is to be admired for having the courage to do the things that he is doing."

Jack MacAllister

US West

$2,347,000

James Cook

"I love to read—all kinds of things but right now history. I just read a biography of William Howard Taft." Also golfs, snow skis and hikes in the mountains. "I used to enjoy woodworking, but I don't have time for it anymore." For vacations, prefers his vacation home in Crested Butte, Colo. But not always: Last vacation was in Hawaii.

Married to wife, Marilyn, for 39 years. Three children: one a pilot, one working for the Fish & Game Commission, one in business.

"I have a lot of interest in homeless and education issues. Recently we helped establish an employability center for poor and homeless people where we have training and child care facilities. We try to help people prepare for better work or for entering the job force, getting into low-cost housing and getting off the street."

Does a little of his own investing. "I enjoy following companies. I invest in stocks, municipal bonds, mutual funds. We buy some art, but just art we enjoy, not contemporary art and not as an investment."

The son of an Iowa schoolteacher, is he surprised at the $2.4 million he made last year? "Naturally, I'm pleased that my job merits that kind of pay, but I don't consider that we live an extravagant lifestyle. We have the same responsibilities of paying for education and housing and all the other things that anybody else has.

"I think quality of life is more associated with your peace of mind, your stewardship of the position that you've achieved and your overall place in society than the material things you've accumulated. I'm very pleased with those aspects of my life."

Marshall Manley

Home Group

$1,903,000

On earning nearly $2 million: "You have to understand that my first job was shining shoes on the Coney Island Boardwalk, so it's certainly a lot of money."

The son of a factory machinist and union organizer, Manley, the first family member to graduate from high school, went on to Brooklyn College and NYU Law. "I thought tips and 75 cents an hour for delivering flowers in high school was a lot of money. It's really a tribute to the country that somebody with my type of background can have the opportunity to do what I've done. And I know I'm not

alone." In 1987 won the Horatio Alger Association's award.

Enjoys family ski trips to Aspen, Vail and Park City. "The kids [three teenage boys] are black diamonds [expert skiers]; my ego tells me I'm intermediate, but my bones keep on telling me I should go back to beginner." Also likes tennis, adventure novels and biz books (recently, Frederick Forsyth's *Negotiators* and Lester Korn's *Success Profile*). "We have a four-month-old black Labrador Retriever which all the kids promised they would take care of, and it seems to have fallen to me."

Fondest vacation memories: nine-day trip with wife, Dassie, to Venice in 1986. "We really got away from where we were. There were very few thoughts about what was going on back home."

In personal investing, looks for long-term growth. Owns 145,000 shares of Home Group stock, worth $1.8 million, and bonds. "We live off my salary and bonus, and any extra cash is invested in the significant value of our company." Also small stock and bond investments in General Development Corp. Worst investment: oil and gas limited partnership in the early 1980s in which he lost "between $50,000 and $100,000."

Biggest expenses: maintenance on New York apartment and cottage in Pawling, N.Y. Covers mother's living and medical bills. Also education—private schools and camps. "Putting aside money for education is very important, though I keep telling the kids they'll have to work, too."

Charitable work: Brooklyn College Foundation, New York Zoological Society, N.Y.C. Meals on Wheels, New York Historical Society, American Museum of Natural History.

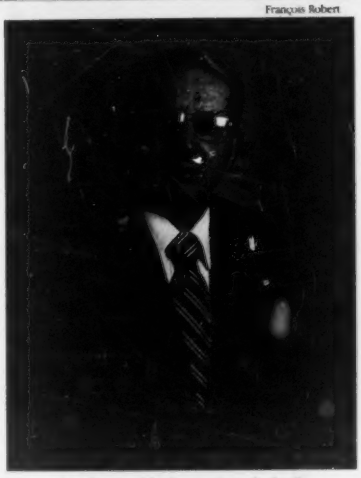
Richard Morrow

Amoco

$1,910,000

"I enjoy golf and go fly-fishing for rainbow trout or salmon in the Rocky Mountains and Alaska, when I can work it in. We do a sailing vacation now and then in the Virgin Islands or some other place. We don't have any retreat of our own. We just roam around, based on what we hear about desirable places to do things. We like snow skiing and go water skiing, either on the sailing trips or out in Wisconsin. On the inland lake I like sailing a little Sailfish or Sunfish, but on those vacation trips we usually charter a larger boat and have a crew. It's a delightful way to spend a week or so."

Francois Robert



Has three grown children. "I wouldn't say that they've necessarily followed me into business. There aren't any engineers in the group. One daughter, in Los Angeles, works in the product supply area for an oil company. She answered a blind ad and got the job. A stepdaughter in Montana works in a law firm, and a stepson in Colorado works for a transportation company."

Biggest expense: his house outside Chicago and downtown condominium. How he invests: "I rely more on a couple of investment managers. They have more time and knowledge than I have to worry about investing my money."

Best investment aside from Amoco: "Buying a home." Worst investment: "A farm I invested in. We had hoped it would be situated for development. It didn't turn out to be the case."

Principal charity: United Way. "An outstanding organization."

The point in his career at which he surpassed his expectations: "When I became president of the company."

J. Terrence Murray

Fleet/Norstar Financial

$3,307,000 million

"Most of our family are golfers. My wife, Suzanne, is a good player; I'm a decent player, and four of my five kids play." Son Terrence is captain of Harvard varsity golf team. Murray often takes children on business trips. "Last summer one of my sons came along and we stayed and played some of the British golf courses." Also met two children in February for week in Australia after business in Japan. When at home in Warwick, R.I., plays at Newport, Point Judith, Warwick clubs.

Collects late 19th- and 20th-century American lithographs and presidential letters. "I don't know what 'serious' means, but I have about 30 prints and all the American Presidents except John Adams, Nixon and Reagan." Favorite artists: George Bellows, Reginald Marsh, Martin Lewis, Frank Benson, Thomas Hart Benton.

Pushes himself to take three or four weeks of vacation a year. "With the size of my family, you've just got to or you're going to lose [their youth]." Favorite vacation place: Wyoming Tetons. "It's probably the prettiest place I've ever been."

Career advice: "If a young person is interested in business, go to work for any quality institution that has a strong training program. That's the best preparation for a business career—learning at least one or two things extremely well."

Owns residence in Providence; building home in Narragansett; has a Palm Beach condo. Covers mother's retirement home bill.

Personal investments: Puts half of portfolio in real estate, remainder in tax-free bonds and equities. Now sees opportunities in depressed New England thrifts.

Worst investment: "A few oil and gas deals were a total wipeout."

Donna Joy Abbott

Biggest expense: education. "A couple years ago my two older girls were at Harvard and Brown, and the other three kids were in private schools—tuitions were pushing $60,000 a year. I'll end up paying somewhere around $750,000 by the time we're through. I'm not complaining because I obviously have the income. But how are we going to educate our young people from lower- and middle-income families? We spend too few of our resources on the young, and too many on the old."

Robert J. Pfeiffer

Alexander & Baldwin

$2,176,000

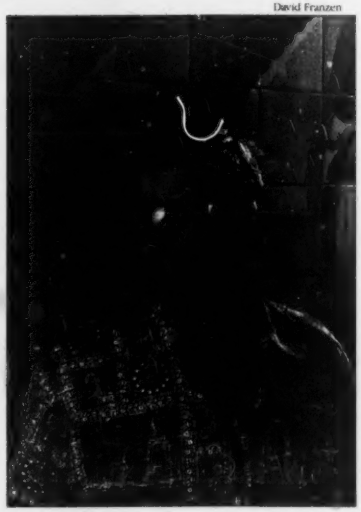
A dedicated pilot. "I'm jet-qualified. I had my own planes until recently, but now I rent them. I took up aerobatic flying in the 1960s and was taught by Art Scholl, one of the finest aerobatic pilots in the world. I also run four times a week. And when I have time between flying and running I like to swim."

Pfeiffer and wife, Mary, live in Honolulu and spend a lot of time in San Francisco. They have four children. "My son is an attorney, one daughter is in corporate planning, another one, besides raising a family, teaches college French, and one is a housewife."

Vacations? "I haven't taken one for a long time and I'm not proud of it. But I'm planning to go to England in September for three weeks."

"I love to read books. And I like any good car. I have a 1961 Lincoln Continental, a Jaguar and a 1978 Lincoln Continental."

David Franzen



Primary community service: symphonies, museums and opera in Honolulu, San Francisco, New York.

On personal investing: "At my age you start thinking about security, so I'm out of the high-return, high-risk investments and putting more and more into Treasury bonds and CDs. I make the major decisions myself, but I do have an investment adviser."

On compensation: "I feel that if no more than half of an executive's compensation is from salary and the rest owes to the economic well-being of the company, then it's a fair compensation. Thirty-nine years ago, when I was 30 years old, I probably figured $100,000 a year was probably the most I'd ever make—if I were lucky."

Career advice: "This may sound like motherhood and apple pie, but if you want to get ahead in business you have to have traits of honesty and loyalty. Of course, a person has to be interested in the job. And I advise adopting a pleasant disposition: No one likes a grump."

Most admired business leader: the late Stephen D. Bechtel Sr. "I knew him for 43 years and greatly admired him in every respect."

Frank Popoff

Dow Chemical

$2,759,000

"Snow skiing is a passion with me. I have to keep up with my boys [aged 27, 25 and 24]. It gets to be a matter of pride." Popoff gathers his family at his Snowmass, Colo. vacation home, purchased on return from Dow Europe posting in Switzerland in 1985.

"Before we moved to Europe, we used to take off on a 32-foot sloop [since sold] for a couple weeks and go where the wind blew us on Lake Huron and Lake Michigan. The North Channel offers beautiful harborages, one after another. But you're not a sailor unless you have a boat, and I'm in the market."

Avoids golf: "My mother-in-law carried a handicap under 10. Who's going to get serious about a game where your mother-in-law is better than you?"

Biggest expenses: maintaining Snowmass and Midland, Mich. homes, and cars. Drives a 1983 Mercedes 500; also owns an Audi Quatro and requisite Ford, GM and Chrysler.

Helps support mother.

Investment goals: to outperform the S&P 500. "I look at how most companies weigh their pension funds, and 70% equities to 30% fixed income seems to be a good weighting." Is using an investment adviser to diversify with spare cash (Dow stock worth $4.5 million still makes up 80% of portfolio). Currently prefers pharmaceutical, consumer product and automotive supply companies.

Worst investment: real estate tax shelters.

Collects Swiss pewter wine canisters and oriental carpets—his parents brought rugs when they emigrated from Sofia, Bulgaria to Terre Haute, Ind. "They were light and easy to transport and a great way to bring foreign exchange out of a country."

Career advice: "Manufacturing industry—not necessarily American—is where the research, capital investment and tough social economic challenges are being faced."

Admires Sony's Akio Morita. "He was forced to go outside of Japan and develop world markets. I respect him because he led the charge for Japanese exporters. That's going to get me in a lot of trouble with people."

Edmund Pratt Jr.

Pfizer

$3,747,000

Hunter, fisherman, golfer, tennis fiend, boater, home handyman. "My problem is that I have too many leisure interests, and my work interferes with those. I used to be a private pilot, too, but I've gotten so busy that I

don't do that much anymore. I hope to get back into flying when I retire." Clubs: Sands Point and Boca Grande. Spends four to five weeks a year at his beach house on Boca Grande Island, off Florida's southwest coast. "Best tarpon fishing in the world."

Hunts quail, duck, goose and dove. "Luckily my wife likes to cook. We have two freezers full of birds and fish, so we eat out rather infrequently." Favorite escape: a week of summer salmon fishing along New Brunswick's rugged Miramichi River.

Two sons. "I'm a typical conservative businessman who's spawned a rock musician and racing car driver."

Also frustrated engineer. "I like to fix things, so I have all kinds of tools." Specialties: home chores, electrical wiring, pumps, lawnmowers, bicycles, pool and well work.

Claudio Edinger/Gamma Liaison

Biggest expense: Florida beach house. "I came from a very modest upbringing, and I don't find it easy to spend a lot of money. We live pretty much the same way as we did when I was making $30,000." Assists several extended family members.

On personal investing: "I used to do more aggressive things such as oil drilling and real estate. Now 80% of my portfolio is Pfizer stock." (He owns 137,028 shares, worth $8.4 million.) Company provides Pratt with financial counseling. "I have a broker who keeps calling me with ideas, and once in a while I invest in some of those." Spare cash now goes into fixed-income investments.

Worst investments: Texas oil and real estate tax shelters. "They both went down together in the late Seventies and early Eighties. I wasn't too smart."

On earning nearly $4 million a year, Pratt says: "It's sizable pay, but everything in life is relative. I didn't anticipate that one day I would become the head of a major company, and so I'm making more money than I thought I would."

Burnell R. Roberts

Mead

$4,087,000

"I love to read. No fiction, all nonfiction. I just finished reading Vol. 2 of *The Last Lion*, about Winston Churchill, and *Intellectuals* by Paul Johnson. I just loved it.

"I collect art, contemporary art, particularly sculpture. I don't buy them to make money on them, I buy them to enjoy them."

Plays some tennis, sails, rows. "We have a second house on an inland lake in Michigan, and I just purchased a single-man scull."

Roberts has four children and one grandchild. "The children are all out of school, gainfully employed in everything from banks to industrial companies to retail. This year we will be with family in England for summer vacation. Every couple of years the whole family tries to get together."

Biggest expense: "Education was probably the largest. But now it is just the maintenance on a couple of houses, or spending it on playthings such as boats." Drives a Jaguar.

On investing: "The majority of it I have someone else do. But I occasionally put some money together with some other guys, and we all buy a small company. Other people manage it, but at least we're involved in seeing how it's run. You just pick it up as you go and hope to make a few dollars and have fun while you're doing it."

Active in educational, health, art charities.

Business leaders most admired: Johnson & Johnson's James Burke, "for the ethical handling of the Tylenol incident"; Ford's Donald Petersen for the turnaround; "and, on a public level, I would have to say Alan Greenspan."

Charles S. Sanford Jr.

Bankers Trust NY

$2,100,000

John S. Abbott

Next month Sanford will deliver the commencement address at his alma mater, the University of Georgia in Athens. The venue: Sanford Stadium, which is named for his grandfather, the former chancellor and president of the university. "It will be a nostalgic and sentimental trip for me."

Before joining Bankers Trust, Sanford briefly taught economics at Georgia. "I enjoyed teaching very much, but it was too political for me." Now Sanford is on the Board of Overseers of the Wharton School (where he earned an M.B.A., '60), a trustee of the University of Georgia Foundation, and member of the Council on Foreign Relations. Other community service includes work for New York's St. Bartholomew Church.

Likes to read, especially about theology. Recently finished Stephen

Hawking's *A Brief History of Time*, and Paul Johnson's *Intellectuals* and *History of Christianity*. Also plays tennis and squash. "My son was the captain of the squash team at Amherst College for two years, so we have a very good rivalry going." Daughter working on Ph.D. in oriental studies at the University of Pennsylvania.

Career advice: "Don't let your career run your life. Have your life run your career instead. A career is supposed to augment your life."

Paul G. Schloemer

Parker-Hannifin

$2,103,000

"I read everything, from business books to light novels to some of Sylvia Porter's books and, recently, *Thriving on Chaos*." Enjoys golf (handicap: 18). "And I enjoy a little bit of gardening."

Favorite vacation spot: "We have a second home in Newport Beach, Calif.— our children are out there—and we tend to take vacations there."

With wife, Virginia, has raised six children. "I'm happy to say five are out of college and productively employed. The youngest just finished his junior year at Georgetown. The oldest is a partner in a consulting engineering firm, one is an acc. ntant and now a mother with two children. One son is in commercial and industrial real estate, and a daughter is in marketing at Johnson & Johnson. And the next boy is a navy pilot, out in Japan right now." The Schloemers have three grandsons.

"When the children are out of school and your expenses aren't as great as they were, then suddenly you find you are very comfortable. I think my wife and I benefited from the great American Dream."

Roger Mastroianni

Principal charities: "We're Catholic and so we support our own parish and diocese." Also the United Way.

On personal investments: "I buy common stocks of companies that I admire or that have good management or people I would feel comfortable with. And recently I have been going into CDs and Treasurys because of the high interest rates—and, with the recent tax changes, out of real estate and oil and gas."

On passing on wealth: "We're in a process of thinking that through. It's a matter of how much you should leave your children. I'd like to see my children comfortable, but I would never want to give them so much that they didn't have to work. I want them to have that motivation."

John Sculley

Apple Computer

$9,492,000

Sculley blossomed after overcoming (through hypnosis) severe childhood stammer. Earned a degree in architectural design from Brown ('61) and now spends weekends building horse ranch outside Woodside, Calif. "I'm directing it. I've got lots of workers. We're building barns and stables and clearing a lot of ground." How large is this ranch? "Fifteen acres. I guess it doesn't qualify as a ranch. Better call it a farm. It's actually a business—Blackburn Valley Morgans." Third wife, Leezy, raises the horses; Sculley builds the barns.

Also relaxes by running, gym workouts and reading (Jeremy Campbell's *Grammatical Man*, Katherine Caulfield's *In the Rain Forest*, Michael Young's *The Metronomic Society*). Maintains impressive display of 18th-century portraits and landscapes at Tudor-style home in Woodside.

Summers at Camden, Me. vacation home. "It's my anchor to reality." Also owns Christina's World, a Maine farm that formerly belonged to Andrew Wyeth. Favorite vacation spot: Bermuda, where Sculley's family comes from. Sold 40-foot sloop and bought 27-foot Boston Whaler. "It takes less maintenance." Drives Ford Taurus and owns five Mercedes. Last vacation: nine-week sabbatical last summer; enrolled at Maine Photo-

Lawrence Labati/Sygma

graphic Workshop. "I'm much more of a right-brain than a left-brain person."

Biggest expense: operating homes and ranch. "Caretakers, gardeners, horse trainers—it takes a big staff."

For personal investments, employs a financial planner, though still picks most investments himself.

Biggest holding is Apple stock: 109,409 shares, worth $4.3 million. Diversifying into real estate, computer technology startups. Favorite investment: commercial and residential real estate. Worst investment: same. "I lost on some Texas properties a few years ago."

Admires Walt Disney's Michael Eisner. "He's been able to build a company that can do incredible creative work, and he is equally good with implementation."

John G. Smale

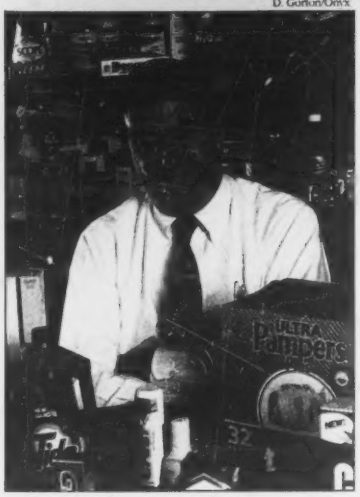
Procter & Gamble

$2,055,000

An avid fly-fisherman whose hobbies include making flyrods. "The first one I built, I had two of the guides on the rod pop off while I had a 100-pound tarpon on. After that I started to do better." Also likes Atlantic salmon fishing, especially in Canada.

Travels extensively, globally. Last year "I spent just over 60% of all or part of every weekend away from home." Guest of Venezuelan government at the February inauguration of President Carlos Andrés Perez. "Sitting a row in front of me—and down to the left—were Castro, Ortega, Gonzales of Spain, and Vice President Quayle. Some parties weren't talking to other parties."

D. Gorton/Onyx



On airplanes, reading *Preventing World War III* by P&G board member and former NATO ambassador David Abshire, and Jack Higgins' *A Season in Hell.* With wife Phyllis (39th anniversary in September) has raised four children. Three grandchildren. Presently Smale working with architect to build a home at Marathon, in the Florida Keys.

Charitable activities: Nature Conservancy (board member)—"I think they're doing an enormously important job, particularly at this point in time in our society"—United Negro College Fund (board member), and Kenyon College.

On his personal investments: "My fortunes, such as they are, are tied up in the stock of the Procter & Gamble Co. [of which he owns 45,969 shares, worth $4.4 million]. It's really that simple."

Roger Smith

General Motors

$3,059,000

"We have a summer home in northern Michigan, and that's probably our favorite spot. But when we do have time off, like between Christmas and New Year's, we like to get the whole family together and visit one of the Caribbean islands. Last year all ten of us were together in Barbados, and we did a lot of snorkeling. We find the most interesting fish life in 10 feet of water. You don't have to dive to 100."

Smith happily confesses his love affair with cars. "I have a 1936 Cadillac convertible sedan, a big long one with the dual side-mounted spares and dual windshields. I also have a 1960 Corvette convertible, a 1967 Corvette convertible and a 1964 Corvair convertible. And I always find time to drive the new GM cars, and the competition as well. I enjoy fast boats, too. We have a new 24-foot boat with a 300hp outboard on it. It really moves."

Likes hunting and fishing. "When I can get away I'll go just about anywhere for good hunting or fishing. South Georgia for quail. Michigan for partridge. Norway for salmon."

Principal charity: "I've put a lot of effort behind the GM Cancer Research Foundation. Those people deserve all the credit we can give them."

On his family: "Barbara and I have four children, three of whom are out of school and married. Our youngest is a sophomore in college. We're also blessed with two lovely grandchildren, 10 months and 3 months. We're very fortunate that they live around the Detroit area, so we get to see them often."

On personal investing: "I've had my best success with stocks and venture capital. But I have to use an adviser."

Timothy White/Onyx

Charles D. Strang

Outboard Marine

$2,625,000

"Since age 11 I have lived, dreamed and slept boats and motors. I live on the water about 25 miles west of the [Waukegan, Ill.] office, and I keep a boat at the house when the water isn't frozen. I try the different boats that

Outboard Marine makes, as well as those of our competitors. Work is my hobby."

Collects wine. "We favor reds. Heavy on the Californians."

Vacations: "I haven't really taken more than two weeks' vacation in the 23 years that I've been here. The last one? Oh, yeah. My honeymoon, about five years ago. We went to a boat race in Sacramento, then we went to New Orleans and Steamboat Springs, Colo. and took a balloon ride across the continental divide.

"My wife [Barbara] is also an ardent boater. First marriage. I was a slow starter. She used to be my secretary, so I finally decided it was time to fire her." No children.

Biggest expense: Maintaining a house and two cars. "No mortgage, just maintaining the house and changing it. Forever changing it."

On investing: "I invest myself, with some brokers. Other than Outboard, I'm pretty well spread around with a broad portfolio: municipal bonds to provide stable income, and equities to do a little playing."

Best investment: "About 23 years ago I bought about 100 shares of Tandy, and since then I've taken about half or three-quarters of a million dollars out of it." Worst: "So many of those."

Charities: Sloan-Kettering and PMI/Strang Clinic ("no relation").

Admired business leader: Bill Marriott. "He's a nice guy, a very sharp one, a very successful one, and he also happens to be an ardent boater."

Bernard Taylor

Wilmington Trust

$2,433,000

"I am an opera buff. My wife, Barbara Silverstein [a conductor], runs an opera company in Philadelphia called the Pennsylvania Opera Theater, and I spend a lot of my time serving on that board and serving as the treasurer of the company, and as a fundraiser and an opera groupie. I used to be an opera singer myself, which is how I got involved in all this stuff. I did a lot of lead roles when I was young, but I don't do as much of that anymore."

Plays "a lot of" golf, scuba dives in the Caribbean. "My wife and I have a second home on Chesapeake Bay, which is about an hour away from here, and we go down there frequently, even during the winter. We water ski there, swim and fish. I have a little sailboat and a ski boat, an 18-foot inboard/outboard. And I have a car I like, a Jaguar."

The Taylors have three children: "One wants to be a fiction writer. Another has his degree in biology and is working in a gene-splitting operation at a local drug company. And the third is married."

Biggest expense: "I think that the big ones are behind me now."

About his personal investing: "I prefer to look after it myself. You must keep in mind, of course, that we are in that business. I'm fairly conservatively invested. Because I have so much of my funds invested in Wilmington Trust stock [91,198 shares, worth $3.3 million], it seems prudent to have the rest of my portfolio fairly diversified."

Worst investment: "A couple of tax shelters that didn't turn out too good."

J. Virgil Waggoner

Sterling Chemical

$7,380,000

"In 1987 my wife and I took our trip around the world. It was my 60th birthday, and we spent days celebrating it in Hong Kong, where completing five Chinese cycles [60 years] was once considered to be very lucky." Last summer the Waggoners, their two children and their spouses went to Europe together. "But we still haven't had our African safari yet."

"More than anything now, we're just enjoying our first grandbaby, Katie." Katie's mother, Liz, 30, is a now-retired schoolteacher, while son Jay, 27, is a sales director for OMG Methanol in Dallas.

Waggoner and his wife, June, eat out often ("The kitchen stays clean and dark a lot of evenings"); favorite restaurant: Ninos in Houston. "It's neighborhood Italian, and we get our veal-and-pasta fix for the week."

Cars: "I'm a Lincoln man. Mrs. Waggoner, Cadillac."

Biggest expense: "Making sure that the children and grandchildren are provided for so that they can have all the education they want."

Investing done by four different managers: "One for equities, one for short-term instruments for security, one for long-term tax-free investments and one with a mixture of the above with some hedges against inflation. I don't ask them how to market petroleum products, so I don't try to tell them how to manage my money."

Best investment: "After Sterling, real estate." Worst investment: "I tried to help the relative of a friend start a small business. He went bust."

Favorite charities: Good Samaritan Foundation ("We give scholarships to young ladies in need to become nurses"); Star of Hope Mission for the homeless of Houston; and, biggest of all, his college, Ouachita Baptist, in Arkadelphia, Ark.

Josh Weston

Automatic Data Processing (ADP)

$2,026,000

Serious traveler. "I was in Israel in January, in February I was in Holland, and I'm going to the Galapagos in July. I like seeing different cultures, different geography, different topography. My wife [Judy] comes on many of the trips, but she's not going to go to the Galapagos, it's too far away. She'll do anything that is up to about ten hours' worth of airplane travel."

A skier. "Last place was Vail, and the time before was Austria. I go all over the map. In the summer I sail. I used to have my own boat, but when the mast came off in a hurricane, I swore off ever having one again. Now I rent a boat when I need one."

Four children. "The oldest is with New Jersey Bell. Second is an architect, third is on the faculty at Harvard Business School. And the fourth is just getting out of college and has promised that she's going to take a trip across the country before she gets serious."

Supports several charities. "One is the Sci-Tech Center that is going up in Liberty State Park, near the Statue of Liberty. I'm the chairman of Boys Town Jerusalem, where we have 1,400 live-in kids. And I have a class of kids that were adopted up in Paterson, N.J. as part of the Eugene Lang program. If you get on a high perch in

People At The Top/In Their Own Words

the executive world, you run the risk of becoming detached from the real world's problems. In these programs, you find out what the real world's problems are."

On personal investing: "I do it myself. It's all in fixed-income securites. I figure that I have my equity jollies in ADP stock." (He owns 190,000 shares, worth $7.4 million.)

Reflections on success: "I'm from a lower-middle-class background. My parents were immigrants from Europe who struggled their way through the Depression. For me, the wind was blowing in the right direction."

Ted Wetterau

Wetterau, Inc.

$4,240,000

"My grandfather founded the company 120 years ago. When I entered the company in 1951, it was doing about $21 million. This year it will do over $5 billion."

Married 35 years to wife, Helen; they have two sons, 34 and 31, and a daughter, 28. Both sons went to father's college, Westminster, in Fulton, Mo., and then joined the company. Five grandchildren, two more on the way.

"Our family is probably our greatest enjoyment." For vacations, takes off for family condominium in Naples, Fla.: "Every Thanksgiving the whole family goes down and we all compete in golf. The kids're still trying to beat the old man. In fact, they're doing it now."

Expenses: "My biggest expense, now diminishing, was the education of my children and helping them proceed in their lives—a down payment on their homes and so on. That's really what a family is all about."

Investing? "I do dabble in some stocks, but I'm not sophisticated. I stick mostly with blue chips and invest heavily in the company."

Most admired business leader: "President Reagan, because of his communication skills."

Charities: "Quite a few, but the one I enjoy supporting most is my church" (Presbyterian).

Is $4.2 million a lot of money? "Certainly sounds like a lot, compared with what I made in 1951."

Joseph D. Williams

Warner-Lambert

$6,417,000

"I have three old cars that I fool with." Red '61 Aston Martin BD4 ("like the one in the *Goldfinger* movie"), white '63 Mercedes 220SE convertible and '63 Rolls-Royce Silver Cloud. Mercedes is his favorite. "You can put the top down and drive it anywhere."

Golf fan who maintains a 17 handicap at Pine Valley, Baltusrol, Mid Ocean-Bermuda clubs. Played AT&T Pro Am tourneys at Pebble Beach and United Airlines tourney in Hawaii. Williams' most recent vacation was

golfing in Bermuda.

Philanthropic activities: chairman of Project Hope and United Negro College Fund. Also heading drive to raise $50 million for New Jersey Sci-Tech Center. "We need to stimulate young people to go into science."

Wife Millie earned law degree five years ago, and is now part-time medical malpractice attorney. Biggest expense: "Most of the big expenses are behind us now." Covers parent's retirement center costs. Son Dan works at Chase Manhattan Bank.

"I spend almost all of my time on the company, so I use an outside financial adviser." Buys blue-chip stocks and holds. Bought drug stocks after October crash. Owns Merck. Currently 50% in T bills and CDs. "I never had the opportunity to do much investing until the last five or six years. One of these days I'm going to buy a vacation home someplace warm by a golf course."

What it's like to earn $6.4 million: "When you grew up in Nebraska, and your father was a druggist, and you started working for $275 a month, it seems like a lot of money. But in the scheme of what goes on in this world, it's a very little bit of money."

Most admired business leader: James Olson, AT&T's late chairman. "He led the strategies to make AT&T a competitive company after the divestiture, and then found Bob Allen to succeed him."

Corporate America's Most Powerful People

Here is the top of the U.S. corporate pyramid, the 800 men and women who lead our largest public corporations. With few exceptions, to make this list, you had to be chief executive of a Forbes 500 company. How much do these people earn? We ranked the 800 in order of their total compensation in 1988. Our definitions of compensation follow:

Salary + bonus includes all cash and deferred salary and bonus payments in 1988, as well as directors' fees and commissions.

Other includes payments made under long-term compensation plans, restricted stock awards vested or released from restrictions in 1988, thrift plan contributions, company-paid health and insurance plans and other benefits.

Stock gains includes the net value from the exercise of stock options or stock appreciation rights granted in prior years whether realized in shares or cash. *Stock owned* shows the value of the executive's holdings as a percentage of the firm's total market value. *Market value* is based on shares outstand-

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
Abbott Laboratories/Robert A Schoellhorn	60	Philadelphia PA	Phil Col Textiles, BS '55	technical	15	10
Aetna Life & Cas/James T Lynn	62	Cleveland OH	Case Western Res, BA '48/Harvard, LLB '51	legal	11	5
Affiliated Bshs Colo/Kent O Glin	58	Chicago IL	Ripon, BA '55	banking	18	2
Affiliated Pubs/William O Taylor	56	Boston MA	Harvard, BA '54	financial	33	7
HF Ahmanson/Richard H Deihl	60	Whittier CA	Whittier, BA '49	banking	30	5
Air Prods & Chems/Dexter F Baker	62	Worcester MA	Lehigh, BA '50/Lehigh, MBA '57	technical	37	3
Albertson's/Warren E McCain	63	Logan KS		operations	38	12
Alco Standard/Ray B Mundt	60	Appleton WI	Wis Milw, BS '53	operations	19	9
Alexander & Alexander/Tinsley H Irvin	56	Cornelia GA	Georgia St, BBA '55	insurance	36	2
Alexander & Baldwin/Robert J Pfeiffer	69	Fiji		operations	29	9
Alleghany/Fred M Kirby	69	Wilkes-Barre PA	Lafayette, AB '42/Harvard, MBA '47	investment	31	22
Allegheny Ludlum/Richard P Simmons	58	Bridgeport CT	MIT, BS '53	operations	21	9
Allegheny Power/Klaus Bergman	58	Germany	Columbia, AB '53/Columbia, LLB '55	legal	18	4
Allied-Signal/Edward L Hennessy Jr	61	Boston MA	Fairleigh Dickinson, BA '55	financial	10	10
Alltel/Joe T Ford	51	Conway AR	Arkansas, BS '59	administration	30	2
Altus Bank/William I Watson III	43	Leland MS	Davidson, BA '68/Harvard, MBA '71	banking	2	2
Alcoa/Paul H O'Neill	53	St Louis MO	Cal St Fresno, BA '60/Indiana, MPA '66	administration	2	2
AMAX/Allen Born	55	Durango CO	Texas El Paso, BS '58	technical	22	3
Amdahl/John C Lewis	53	Livingston MT	Cal St Fresno, BS '57	marketing	12	6
Amerada Hess/Leon Hess*	75	New York NY		administration	43	24
American Brands/William J Alley	59	Vernon TX	Oklahoma, BBA '51/Oklahoma, JD '54	insurance	22	2
American Capital/Jack D Burstein	43	Poland	CUNY City Col, BA '66	financial	5	5
American Continental/Charles H Keating Jr	66	Cincinnati OH		financial	13	13
American Cyanamid/George J Sella Jr	60	West New York NJ	Princeton, BS '50/Harvard, MBA '52	operations	35	6
American Electric/Willis S White Jr	62	Portsmouth VA	Virginia Polytech, BS '48/MIT, MS '58	technical	41	13
American Express/James D Robinson III	53	Atlanta GA	Georgia Tech, BS '57/Harvard, MBA '61	financial	19	12
American Family/John B Amos*	64	Enterprise AL	Miami, BA '44/Florida, JD '49	legal	34	34
American General/Harold S Hook	57	Kansas City MO	Missouri, BS '53/Missouri, MA '54	insurance	19	11
American Home Prods/John R Stafford	51	Harrisburg PA	Dickinson, BA '59/Geo Washington, LLB '62	legal	19	3
American Intl Group/Maurice R Greenberg	64	New York NY	Miami, BA '48/New York Law, LLB '50	insurance	28	22

*Company founder

ing and stock prices as of Apr. 26.

Note that in determining stock holdings we include shares of beneficial interest and shares held by an executive's wife or children, even if ownership is legally disclaimed. However, shares held by family members active in the business or by foundations are not included. Also excluded, where possible, are shares in which the executive shares voting and investment power.

We also include sales and profits of the executives' respective firms.

In 1988 over 300 of the chief executives in our survey earned, in total, $1 million or more. That's up from 272 last year. On top is Walt Disney Productions' Michael Eisner, at $40.1 million. Note that, as in the case of most of the highest-paid executives, the bulk of Eisner's pay came in the form of stock gains. And note that Disney's profits—$522 million last year, and still rising—and its market value—now $11.2 billion—are around five times higher than when Eisner took over.

—Salary (000)	Compensation— bonus— % change	other (000)	stk gains (000)	total (000)	Rank among 800 execs	—Stock owned— %	mkt val (mil)	—Company data[1]— sales (mil)	profits (mil)	Company
$1,450	9%	$472	$2,322	$4,245	38	0.08%	$9.2	$4,937	$752.0	Abbott Labs
1,137	9	37	—	1,173	255	0.02	1.1	24,296	698.9	Aetna Life
200	NA	22	—	222	780	0.15	0.2	254	–3.2	Affiliated Bshs
438	12	—	1,792	2,230**	86	5.36	156.5	534	–80.9	Affiliated Pubs
1,026	23	—	624	1,650	150	0.15	2.8	3,517	202.8	HF Ahmanson
997	17	17	881	1,895	116	0.21	4.8	2,487	219.5	Air Products
970	26	22	—	992	334	0.52	15.0	6,773	162.5	Albertson's
1,419	19	24	123	1,566	158	0.51	5.7	3,871	166.3	Alco Standard
461	–6	10	—	471	633	0.12	1.2	1,228	65.0	Alexander & Alex
1,325	25	326	525	2,176	90	0.44	7.7	665	135.1	Alexander & Bald
866	NA	725	—	1,592	155	9.70	54.6	1,006	46.0	Alleghany
883	NA	3	—	886	375	29.33	258.2	1,208	108.6	Allegheny Ludlum
328	12	—	—	328	727	‡	0.1	2,170	205.1	Allegheny Power
1,550	12	398	—	1,948	112	0.10	4.7	11,909	463.0	Allied-Signal
653	11	62	—	714	470	0.39	7.1	1,068	125.0	Alltel

In terms of formal education, these 800 chief executives are a diverse lot. Of the 710 who earned undergraduate degrees, 360 went on to earn graduate degrees. But higher education is no sure road to the top. Among those holding no college degree are Amerada Hess' Leon Hess; Anheuser-Busch's August A. Busch III; and Dreyfus' Howard Stein.

240	0	—	—	240	775	0.70	0.1	274	–22.9	Altus Bank
1,113	97	7	—	1,120	277	‡	0.1	9,795	861.4	Alcoa
1,279	33	119	—	1,398	184	‡	0.2	3,944	740.9	AMAX
930	4	1,768	—	2,698	61	0.07	1.4	1,802	213.8	Amdahl
300	50	15	—	315	737	12.64	397.2	4,206	124.2	Amerada Hess
1,351	37	23	276	1,650	149	0.02	1.2	7,236	580.0	American Brands
374	–11	—	—	374**	705	4.51	1.9	639	3.8	American Capital
1,955	10	—	—	1,955**	111	15.50	2.1	696	–39.1	Am Continental
1,692	20	—	—	1,692	139	0.04	2.1	4,592	305.6	Am Cyanamid
621	6	14	—	634	515	0.02	0.8	4,841	626.8	Amer Electric
2,764	40	2,057	6,419	11,241	6	0.12	15.8	22,934	1,038.5	American Express
3,700	25	77	749	4,526	32	2.36	36.3	2,325	108.9	American Family
1,089	3	160	—	1,249	228	0.12	5.2	3,823	442.0	American General
1,073	–18	21	535	1,629	153	0.03	3.7	5,501	932.2	Amer Home Prods
975	11	—	—	975	343	2.17	290.7	13,613	1,217.0	Amer Intl

[1]Sales and profits as reported in the Forbes 500s Annual Directory Issue, May 1, 1989. ‡Less than 0.01%. **Prior year data. NA Not available.

Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education: undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
American Medical/Richard A Gilleland	44	Lincoln NE	Minnesota, BA '67	sales	‡	‡
American Natl Ins/Orson C Clay	58	Bountiful UT	Brigham Young, BS '55/Harvard, MBA '59	financial	19	12
American Petrofina/Ronald W Haddock	48	St Elmo IL	Purdue, BS '63	administration	3	‡
American President/W Bruce Seaton	64	Philadelphia PA	UCLA, BS '49	financial	19	6
American Savings/John T Morgan	59	New York NY	Minnesota, BS '51/Harvard, MPA '63	banking	17	10
American Stores/Jonathan L Scott	59	Nampa ID		retailing	2	‡
American Tel & Tel/Robert E Allen	54	Joplin MO	Wabash, BA '57	administration	32	1
AmeriFirst Bank/Ronald J Burns	60	Fall River MA	Brown, BA '51	investment	‡	‡
Ameritech/William L Weiss	60	Big Run PA	Penn St, BS '51	operations	38	5
Ameritrust/Jerry V Jarrett	57	Abilene TX	Oklahoma, BBA '57/Harvard, MBA '63	banking	15	5
Ames Dept Stores/Peter B Hollis	46	Newton MA	Vermont, BS '65	retailing	3	2
Amoco/Richard M Morrow	63	Wheeling WV	Ohio St, BS '48	technical	41	6
Amoskeag/Joseph B Ely II	50	Boston MA	Boston U, BS '65	operations	18	11
AMP/Walter F Raab	64	Philadelphia PA	Pennsylvania, BS '45	financial	36	7
AMR/Robert L Crandall	54	Westerly RI	Rhode Island, BS '57/Pennsylvania, MBA '60	financial	16	4
AmSouth Bancorp/John W Woods	57	Evanston IL	U of the South, BA '54	banking	20	17
Anadarko Petroleum/Robert J Allison Jr	50	Evanston IL	Kansas, BS '60	technical	16	10
Anchor Savings Bank/James M Large Jr	57	Philadelphia PA	Princeton, BSE '54	banking	‡	‡
Anheuser-Busch Cos/August A Busch III	51	St Louis MO		operations	32	14
Aon/Patrick G Ryan	52	Milwaukee WI	Northwestern, BS '59	insurance	25	7
Apple Bank/Jerome R McDougal	61	Lynbrook NY		banking	8	3
Apple Computer/John Sculley	50	New York NY	Brown, BS '61/Pennsylvania, MBA '63	marketing	6	6
Archer Daniels/Dwayne O Andreas	71	Worthington MN		financial	19	19
Argonaut Group/Charles E Rinsch	56	Vincennes IN	Indiana, BS '53/Stanford, MBA '60	financial	23	1
Aristech Chemical/Thomas Marshall	60	Pittsburgh PA	Pittsburgh, BBA '57	operations	40	2
Arkla/Thomas F McLarty III	42	Hope AR	Arkansas, BA '69	administration	6	4
Armco/Robert E Boni	61	Canton OH	Cincinnati, BS '51/Carnegie-Mellon, PhD '54	technical	32	4
Armstrong World Inds/William W Adams	55	Dubuque IA	Iowa St, BS '56	marketing	33	1
Asarco/Richard de J Osborne	55	Bronxville NY	Princeton, AB '56	financial	14	4
Ashland Oil/John R Hall	56	Dallas TX	Vanderbilt, BS '55	operations	32	8
Atlantic Financial/Donald R Caldwell	42	Boston MA	Babson, BS '67/Harvard, MBA '73	banking	6	5
Atlantic Richfield/Lodwrick M Cook	60	Castor LA	Louisiana St, BS '50/So Methodist, MBA '65	operations	33	4
Automatic Data/Josh S Weston	60	Brooklyn NY	CUNY City Col, BS '50/U of N Zealand, MA '52	operations	19	6
Avery International/Charles D Miller	61	Hartford CT	Johns Hopkins, AB '49	marketing	25	12
Avnet/Leon Machiz	64	Brooklyn NY		marketing	37	‡
Avon Products/James E Preston	56	Evanston IL	Northwestern, BS '55	operations	25	‡
Baker Hughes/James D Woods	57	Falmouth KY	Cal St Fullerton, BA '66	financial	34	2
Bally Manufacturing/Robert E Mullane Jr	57	Cincinnati OH	Georgetown, BA '54/Harvard, MBA '56	administration	16	9
Baltimore Bancorp/Harry L Robinson	60	Baltimore MD	Baltimore Commerce, BS '72/Loyola, MBA '80	banking	42	4
Baltimore G&E/George V McGowan	61	Baltimore MD	Maryland, BS '51	technical	38	1
Banc One/John B McCoy	45	Columbus OH	Williams, BA '66/Stanford, MBA '67	banking	22	5
Banco Popular PR/Richard L Carrion	36	San Juan PR	Pennsylvania, BS '73/MIT, MA '76	banking	13	‡
Bancorp Hawaii/H Howard Stephenson	59	Wichita KS	Michigan, BA '50/Missouri, JD '58	banking	30	‡
Bandag/Martin G Carver	40	Davenport IA	Iowa St, BA '70/Indiana, MBA '72	financial	10	6
Bank of Boston/Ira Stepanian	53	Cambridge MA	Tufts, BA '58/Boston C, MBA '71	banking	26	2

‡New CEO; see Horizons for tenure information

—Salary (000)	Compensation— + bonus— % change	other (000)	stk gains (000)	total (000)	Rank among 800 execs	—Stock owned— %	mkt val (mil)	—Company data[1]— sales (mil)	profits (mil)	Company
NA	NA	—	—	—	—	—	$	$3,017	$76.5	American Medical
$740	69%	$62	—	$802	424	0.09%	$0.9	934	94.2	Amer Natl Ins
339	NA	37	—	377	701		$	2,635	132.9	Amer Petrofina
729	2	966	—	1,696	138	0.64	3.9	2,131	81.3	Amer President
569	42	27	—	596	544	0.62	0.6	403	33.3	American Savings
529	NA	—	—	529**	601		0.1	18,478	98.3	American Stores
1,284	43	324	$48	1,656	147		1.6	35,210	–1,669.0	AT&T
NA	NA	—	—	—	—		$	437	–8.5	AmeriFirst Bank
1,250	9	43	458	1,751	131	0.01	1.7	9,903	1,237.4	Ameritech
755	96	20	233	1,009	323	0.12	1.1	1,052	103.5	Amerltrust
594	0	6	—	600**	539	0.06	1.3	3,363	47.2	Ames Dept Stores
1,278	28	264	369	1,910	114	0.02	4.9	21,150	2,063.0	Amoco
936	9	76	—	1,012	321	1.12	0.9	1,376	3.6	Amoskeag
612	13	152	—	764	444	0.04	1.6	2,670	319.1	AMP
1,000	5	330	—	1,330	202	0.07	2.4	8,824	476.8	AMR
569	19	—	—	569	565	0.23	1.5	797	79.8	AmSouth Bancorp
980	74	—	—	980	340	0.53	7.8	333	39.8	Anadarko Pet
NA	NA	—	—	—	—		$	750	–7.4	Anchor Savings
1,541	6	16	4,126	5,684	22	0.06	6.3	8,924	715.9	Anheuser-Busch
472	–28	45	—	517	604	13.70	279.9	2,732	179.5	Aon
473	10	27	—	499	612	0.52	0.8	296	24.3	Apple Bank
2,479	16	—	7,013	9,492	9	0.09	4.3	4,434	419.3	Apple Computer
1,104	13	—	—	1,104	284	3.03	134.6	7,379	364.4	Archer Daniels
316	0	2	—	318	735	0.02	0.1	467	101.8	Argonaut Group
801	3	1,529	1,124	3,455	46	0.64	3.0	1,065	164.5	Aristech Chem
495	2	289	—	784	433	0.07	1.3	1,956	117.3	Arkla
678	30	213	—	892	372	0.07	0.6	3,227	101.3	Armco
496	32	4	—	499	613	0.02	0.4	2,680	162.7	Armstrong World
993	–13	10	—	1,003	328	0.04	0.5	1,988	207.2	Asarco
998	15	7	1,301	2,306	82	0.07	1.8	7,860	239.6	Ashland Oil
336	–2	27	—	363	710	0.63	0.1	753	–32.0	Atlantic Finl
1,619	12	68	—	1,688	141	0.03	5.0	17,626	1,583.0	Atlantic Richfield
571	12	—	1,455	2,026	104	0.25	7.4	1,617	178.2	Automatic Data
898	12	36	771	1,705	137	0.20	2.1	1,582	77.7	Avery Intl
904	NA	—	—	904	363	0.18	1.5	1,934	50.7	Avnet
737	NA	—	—	737	460	0.12	1.8	3,063	–424.5	Avon Products
1,014	64	50	–	1,064	299	0.15	3.1	2,336	58.1	Baker Hughes
1,820	0	654	1,347	3,822	42	0.74	4.4	1,867	38.0	Bally Mfg
293	–6	—	53	346	719	0.22	0.4	275	1.8	Baltimore Bancp
424	23	39	—	463	638	0.09	2.1	1,864	303.4	Baltimore G&E
997	19	136	—	1,133	272	0.27	8.7	2,735	340.2	Banc One
170	NA	15	—	186	785	1.03	4.3	532	47.4	Banco Popular PR
633*	NA	28	187	848	394	0.21	1.3	583	74.9	Bancorp Hawaii
254	NA	20	—	274	760	4.75	49.8	421	69.8	Bandag
1,176	85	175	—	1,351	198	0.05	0.9	5,296	322.3	Bank of Boston

Sales and profits in parentheses are losses. Some data not available. MM = Over $1 million. NA = Not available. *Has not been with company for full year. **Does not include stock gains because data not available. $ = Less than $1 million.

Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
Bank of New England/Walter J Connolly Jr	61	Boston MA	Yale, BA '50	banking	28	9
Bank of New York/John Carter Bacot	56	Utica NY	Hamilton, AB '55/Cornell, LLB '58	financial	29	7
Bank South/Robert P Guyton	52	Blue Mountain MS	Mississippi, BA '58/Harvard, MBA '66	banking	9	8
BankAmerica/Alden W Clausen	66	Hamilton IL	Carthage, BA '44/Minnesota, LLB '49	banking	40	3
Bankers Trust NY/Charles S Sanford Jr	52	Savannah GA	Georgia, BA '58/Pennsylvania, MBA '60	banking	28	2
BanPonce/Alberto M Paracchini	57	Ponce PR	Pennsylvania, BS '53/Pennsylvania, MBA '57	financial	33	6
CR Bard/George T Maloney	56	Philadelphia PA	Siena, BS '54	sales	30	‡
Barnett Banks/Charles E Rice	53	Chattanooga TN	Miami, BBA '58/Rollins, MBA '64	banking	24	10
Battle Mountain Gold/Douglas J Bourne	66	Tulsa OK	Oklahoma, BS '43	technical	43	4
Bausch & Lomb/Daniel E Gill	52	Ziegler IL	Northwestern, BS '58	financial	11	8
Baxter International/Vernon R Loucks Jr	54	Evanston IL	Yale, BA '57/Harvard, MBA '63	marketing	23	9
BayBanks/William M Crozier Jr	56	Brooklyn NY	Yale, BA '54/Harvard, MBA '63	banking	25	15
BB&T Financial/L Vincent Lowe Jr	52	Chadbourn NC	N Carolina, BS '59	banking	28	7
Bear Stearns Cos/Alan C Greenberg	61	Wichita KS	Missouri, BA '49	sales	40	11
Becton Dickinson/Raymond V Gilmartin	48	Washington DC	Union, BSEE '63/Harvard, MBA '68	operations	13	‡
Bell Atlantic/Raymond W Smith	51	Pittsburgh PA	Carnegie-Mellon, BS '59/Pittsburgh, MBA '67	operations	30	‡
BellSouth/John L Clendenin	55	El Paso TX	Northwestern, BA '55	operations	34	5
Beneficial Corp/Finn M W Caspersen	47	New York NY	Harvard, LLB '66	financial	17	13
Benj Franklin S&L/G Dale Wright	55	Salt Lake UT	Utah, BS '59/Oregon, PhD '68	banking	6	6
Bergen Brunswig/Emil P Martini Jr	60	Teaneck NJ	Purdue, BS '50	technical	37	20
Berkshire Hathaway/Warren E Buffett	58	Omaha NE	Nebr Lincoln, BS '50/Columbia, MBA '51	investment	24	19
Bethlehem Steel/Walter F Williams	60	Upland PA	Delaware, BCE '51	operations	38	3
Beverly Enterprises/Robert Van Tuyle	76	Manchester IL	Cincinnati, BS '34	administration	18	15
Black & Decker/Nolan D Archibald	45	Ogden UT	Weber St, BS '68/Harvard, MBA '70	marketing	4	3
H&R Block/Henry W Bloch*	66	Kansas City MO	Michigan, BS '43	administration	34	34
Boatmen's Bancshares/Andrew B Craig III	58	Buffalo NY	Cornell, BA '55	banking	4	1
Boeing/Frank A Shrontz	57	Boise ID	Idaho, LLB '54/Harvard, MBA '58	administration	31	3
Boise Cascade/John B Fery	59	Bellingham WA	Washington, BA '53/Stanford, MBA '55	operations	32	17
Borden/Romeo J Ventres	64	Boston MA	Worcester Polytech, BS '45	operations	32	3
Boston Edison/Stephen J Sweeney	60	Winthrop MA	Mt St Mary's, BA '50	technical	36	5
Bowater/Anthony P Gammie	54	England		operations	34	6
Bristol-Myers/Richard L Gelb	64	New York NY	Yale, BA '45/Harvard, MBA '50	administration	39	17
Broad Inc/Eli Broad*	55	New York NY	Michigan, BA '54	financial	32	32
Brooklyn Union Gas/Elwin S Larson	63	Bayshore NY	Rensselaer Polytech, BME '47	technical	42	3
Brown-Forman/W L Lyons Brown Jr	52	Louisville KY	Virginia, BA '58	marketing	29	13
Brown Group/Bernard A Bridgewater Jr	55	Tulsa OK	Oklahoma, LLB '58/Harvard, MBA '64	administration	10	7
Browning-Ferris Inds/Wm D Ruckelshaus	56	Indianapolis IN	Princeton, AB '55/Harvard, LLB '60	legal	2	1
Bruno's/Angelo J Bruno*	65	Birmingham AL		retailing	30	12
Brunswick/Jack F Reichert	58	West Allis WI		marketing	32	7
Burlington Northern/Gerald Grinstein	56	Seattle WA	Yale, BA '54/Harvard, LLB '57	legal	2	‡

*Company founder ‡ New CEO (less than six months in office)

—Salary ($000)	Compensation— + bonus— % change	other ($000)	stk gains ($000)	total ($000)	Rank among 800 execs	——Stock owned—— %	mkt val ($mil)	—Company data[1]— sales ($mil)	profits ($mil)	Company
$870	3%	—	—	$870	381	0.05%	$0.7	$3,197	$281.7	Bank New England
1,029	14	$327	527	1,383	188	0.18	5.1	2,620	213.0	Bank of New York
510	63	—	—	510	607	0.15	0.7	482	43.4	Bank South
1,500	94	75	—	1,575	156	0.04	2.1	10,181	547.0	BankAmerica
1,750	0	66	284	2,100	99	0.04	1.4	5,851	647.7	Bankers Trust NY
308	17	—	—	308	741	0.12	0.2	296	20.9	BanPonce
624	NA	31	211	866	382	0.26	3.3	758	78.7	CR Bard
936	13	58	441	1,435	179	0.09	1.9	2,546	226.4	Barnett Banks
358	6	14	—	372	707	0.14	1.3	141	59.4	Battle Mtn Gold
927	14	1,119	164	2,210	87	0.11	1.9	978	97.9	Bausch & Lomb

Of these 800 chief executives, only 3 are women: Washington Post's Katharine Graham ($1.4 million compensation); Golden West Financial's Marion O. Sandler ($850,725); and Liz Claiborne's Elisabeth C. Ortenberg ($700,000).

997	–17	—	133	1,130	274	0.11	5.1	6,861	388.0	Baxter Intl
503	8	44	99	645	502	0.32	2.2	917	88.5	BayBanks
535	23	13	51	599	540	0.30	1.1	412	38.7	BB&T Finl
2,448	–57	—	—	2,448	71	1.81	21.6	2,078	199.2	Bear Stearns Cos
456	NA	130	1,384	1,969	107	0.03	0.6	1,749	165.1	Becton Dickinson
384	NA	342	100	825[2]	409	[3]	1.3	10,880	1,316.8	Bell Atlantic
1,165	4	45	34	1,244	230	[3]	1.6	13,597	1,665.5	BellSouth
1,027	5	12	—	1,039	306	3.51	38.9	1,418	105.0	Beneficial Corp
331	9	—	—	331	726	1.01	0.4	525	11.5	Benj Franklin
922	25	—	—	922	355	1.27	6.7	3,730	40.1	Bergen Brunswig
101	0	—	—	101	789	44.68	3,148.8	2,333	399.3	Berkshire Hathwy
505	10	195	338	1,038	308	0.03	0.5	5,489	391.6	Bethlehem Steel
604	–2	42	—	646	501	0.53	2.5	2,025	–23.9	Beverly Ent
847	19	60	—	907	359	0.01	0.1	2,374	104.3	Black & Decker
606	11	142	—	748	453	6.34	85.6	835	90.2	H&R Block
631	NA	—	—	631	518	0.02	0.2	1,378	69.8	Boatmen's
846	15	28	206	1,080	294	[3]	0.5	16,962	614.0	Boeing
1,052	34	48	—	1,100	287	0.19	3.7	4,095	289.1	Boise Cascade
1,412	21	155	575	2,143	94	0.04	1.8	7,244	311.9	Borden
308	–8	—	—	308	744	[3]	0.0	1,203	84.2	Boston Edison
674	4	32	—	706	473	0.06	0.6	1,410	164.3	Bowater
1,485	14	75	12,578	14,138	3	0.25	34.1	5,973	829.0	Bristol-Myers
444	NA	5	—	449	653	18.93	43.3	1,157	–13.7	Broad Inc
343	NA	—	—	343	721	0.04	0.2	928	67.1	Brooklyn Union
928	27	15	220	1,163	259	34.63	632.7	1,048	142.2	Brown-Forman
575	–29	195	11	781	435	0.44	2.1	1,707	8.3	Brown Group
800*	NA	—	—	800	426	[3]	0.0	2,172	235.7	Browning-Ferris
280	NA	42	—	322	734	11.71	110.9	2,063	44.5	Bruno's
1,356	17	131	472	1,960	110	0.56	9.2	3,282	193.1	Brunswick
1,350	NA	801	—	2,151	93	[3]	8	4,700	207.2	Burlington Nrthn

[1]Sales and profits as reported in the fiscal year. Year of data varies as follows: 1988—most companies; 1987—Ames, Dayton Hudson, Dillard, Federated, Gap, Kmart, Limited, Lowe's, Melville, Nordstrom, Price Co, Ross Stores, Sears, Toys R Us, Wal-Mart; 1986—Bergen Brunswig, Fleetwood Ent, Hillenbrand Ind, Payless Cashways, Stride Rite, Supermarkets Gen, Tandy, Thrifty Corp, Venture Stores, Walgreen, Wickes. [2]New CEO; cash compensation is for entire executive group. [3]Less than 0.005%.

Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education: undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
Burlington Resources/Thomas H O'Leary	55	New York NY	Holy Cross, BA '54/Pennsylvania, MBA '61	banking	7	‡
Cabot/Samuel W Bodman	50	Chicago IL	Cornell, BS '61/MIT, PhD '64	investment	2	1
CalFed/John R Torell III	49	West Hartford CT	Princeton, BS '61	banking	1	1
CalMat/A Frederick Gerstell	51	New York NY	Princeton, AB '60	administration	14	1
Campbell Soup/R Gordon McGovern	62	Norristown PA	Brown, BA '48/Harvard, MBA '50	marketing	33	9
Capital Cities/ABC/Thomas S Murphy	64	Brooklyn NY	Cornell, BS '45/Harvard, MBA '49	administration	35	23
Capital Holding/Irving W Bailey II	47	Cambridge MA	Colorado, BA '63/NYU, MBA '68	investment	8	1
Carnival Cruise Lines/Micky Arison	39	Israel		administration	15	2
Carolina Power & Lt/Sherwood H Smith Jr	54	Jacksonville FL	N Carolina, AB '56/N Carolina, JD '60	legal	24	10
Carter Hawley Hale/Philip M Hawley	63	Portland OR	Calif Berkeley, BS '47	retailing	31	12
Castle & Cooke/David H Murdock	66	Kansas City MO		investment	7	4
Caterpillar/George A Schaefer	60	Covington KY	St Louis, BS '51	financial	38	4
CBI Industries/William A Pogue	61	NA	US Military Acad, BS '50	sales	35	7
CBS/Laurence A Tisch	66	Brooklyn NY	NYU, BS '42/Pennsylvania, MA '43	financial	3	3
Centel/John P Frazee Jr	44	Staunton VA	Randolph-Macon, BA '66	operations	17	2
Centerior Energy/Richard A Miller	62	Cleveland OH	Case Western Res, BBA '50/Harvard, LLB '53	legal	29	1
Centex/Laurence E Hirsch	43	New York NY	Pennsylvania, BS '68/Villanova, JD '71	legal	4	1
Central & So West/Merle L Borchelt	63	Mercedes TX	LA Tech, BS '49	technical	40	1
Central Bancshares/Harry B Brock Jr*	63	Fort Paye AL	Alabama, BS '49	sales	18	18
Central Fidelity Bks/Carroll L Saine	54	Lincolnton NC	Lenoir-Rhyne, BA '54/Richmond, MS '65	banking	32	8
Central Ill Pub Svc/Donald G Raymer	64	Jackson MI	Michigan, BS '48/MIT, MS '60	operations	41	9
CenTrust Savings Bank/David L Paul	50	New York NY	Pennsylvania, BS '61/Columbia, JD '67	investment	6	5
Champion Intl/Andrew C Sigler	57	Brooklyn NY	Dartmouth, BA '53/Dartmouth, MBA '56	sales	33	15
Chase Manhattan/Willard C Butcher	62	Bronxville NY	Brown, BA '47	banking	42	9
Chemical Banking/Walter V Shipley	53	Newark NJ	NYU, BS '61	banking	33	6
Chevron/Kenneth T Derr	52	Wilkes-Barre PA	Cornell, BSME '59/Cornell, MBA '60	technical	29	‡
Chrysler/Lee A Iacocca	64	Allentown PA	Lehigh, BS '45/Princeton, ME '46	operations	11	10
Chubb/Dean R O'Hare	46	Jersey City NJ	NYU, BS '63/Pace, MBA '68	insurance	26	1
Cigna/Wilson H Taylor	45	Hartford CT	Trinity College CT, BS '64	insurance	25	1
Cincinnati Bell/Dwight H Hibbard	65	Hadley MA	MIT, BS '49	technical	40	5
Cincinnati Financial/John J Schiff*	73	Cincinnati OH	Ohio St, BS '38	insurance	39	16
Cincinnati G&E/Jackson H Randolph	58	Cincinnati OH	Cincinnati, BBA '58/Cincinnati, MBA '68	financial	30	3
Circle K/Karl Eller	60	Chicago IL	Arizona, BA '52	marketing	6	6
Circuit City Stores/Richard L Sharp	42	Washington DC		technical	7	3
Citadel Holding/James A Taylor	64	Lodi CA		investment	4	2
Citicorp/John S Reed	50	Chicago IL	MIT, BS '61/MIT, MS '65	banking	24	5
Citizens & Southern/Bennett A Brown	60	Kingstree SC	Presbyterian, BS '50	banking	34	11
Citizens Savings/Charles B Stuzin	47	Miami FL	Florida, BS '64/Miami, JD '67	legal	15	7
Citizens Utilities/Ishier Jacobson	66	Worcester MA	Harvard, LLB '51/Harvard, MS '47	administration	35	8
City National/Bram Goldsmith	66	Chicago IL		financial	14	14
CityFed Financial/John W Atherton Jr	47	Ames IA	Wesleyan, BA '65/Babson, MBA '67	banking	16	‡
Citytrust Bancorp/George F Taylor	56	Bridgeport CT	U of Bridgeport, BS '55/NYU, MBA '61	banking	34	5
Clark Equipment/Leo J McKernan	51	Philadelphia PA		operations	15	3
Clorox/Charles R Weaver	60	Kingman IN	Purdue, BS '50	marketing	36	4
CMS Energy/William T McCormick Jr	44	Washington DC	Cornell, BS '66/MIT, PhD '69	technical	4	4

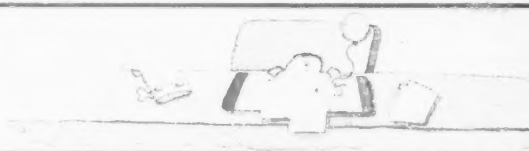
*Company founder; ‡New CEO; less than six months service; NA Not available

—Salary (000)	Compensation— + bonus— % change	other (000)	stk gains (000)	total (000)	Rank among 800 execs	—Stock owned— %	mkt val (mil)	—Company data[1]— sales (mil)	profits (mil)	Company
$1,350	NA	$1,044	—	$2,394††	76	0.02%	$1.7	$2,167	$72.1	Burlington Res
395	32%	7	—	401	682	0.56	6.6	1,770	67.7	Cabot
286	NA	166	—	452	647	0.16	0.9	2,816	134.8	CalFed
571	24	23	—	593	546	0.18	1.6	626	56.4	CalMat
826	19	12	$122	960	346	0.01	0.6	5,269	258.8	Campbell Soup
907	30	124	—	1,031	313	0.75	55.4	4,773	387.1	Cap Cities/ABC
705	11	10	38	753	450	0.10	1.6	2,046	189.9	Capital Holding
550	4	—	—	550	581	1.49	35.7	600	196.4	Carnival Cruise
436	9	6	—	441	659	0.05	1.3	2,273	196.8	Carolina P&L
665	0	1	—	666	495	1.62	3.3	2,708	6.3	Carter Hawley
1,500	25	—	—	1,500	164	22.42	390.2	2,469	112.3	Castle & Cooke
662	34	45	33	740	458	0.01	0.7	10,255	616.0	Caterpillar
471	NA	—	—	471	634	0.20	1.2	1,376	27.5	CBI Industries
1,253	6	9	—	1,262	220	‡	§	2,778	1,153.0	CBS
639	44	583	—	1,222	241	0.12	4.7	1,095	126.3	Centel
362	NA	9	—	371	708	0.02	0.3	2,038	–102.1	Centerior Energy
507	NA	30	—	537	593	‡	0.0	1,730	31.9	Centex
373	NA	66	—	438	662	0.03	0.9	2,512	324.0	Central & So W
528	100	12	92	631	516	4.97	15.4	401	41.0	Central Bancshrs
475	40	13	—	488	619	0.14	0.6	444	49.5	Central Fidelity
249	11	—	—	249	772	0.02	0.1	616	86.2	Central Ill PS
852	12	4	—	856	389	42.36	§	959	6.5	CenTrust Savings
1,377	21	10	—	1,387	187	0.11	3.5	5,129	456.4	Champion Intl
1,396	34	172	—	1,568	157	0.03	1.0	12,365	1,058.9	Chase Manhattan
1,382	138	114	—	1,497	166	0.09	2.1	7,549	753.6	Chemical Banking
800	NA	98	—	898	367	0.02	2.7	25,196	1,768.0	Chevron
1,466	–2	12	2,027	3,504	45	0.12	7.0	35,473	1,050.2	Chrysler
763	NA	46	—	809	416	0.02	0.6	3,980	359.6	Chubb
1,081	NA	23	—	1,104	283	0.02	1.0	17,889	472.2	Cigna
645	27	68	193	906	361	0.15	2.2	738	84.3	Cincinnati Bell
549	30	—	287	836	403	3.85	43.0	910	128.7	Cincinnati Finl
305	18	6	—	311	740	0.02	0.2	1,386	226.9	Cincinnati G&E
439	2	—	—	439	661	6.92	44.5	3,188	52.5	Circle K
598	NA	—	645	1,243	231	1.54	16.2	1,619	63.0	Circuit City
253	0	1	—	255**	771	0.06	0.1	384	24.1	Citadel Holding
1,798	114	—	—	1,798	125	0.14	13.8	32,024	1,698.0	Citicorp
805	86	33	—	838	401	0.20	3.6	2,090	206.3	Citizens & Sthrn
344	NA	52	—	396	688	35.85	13.1	301	14.3	Citizens Savings
457	4	4	—	461**	640	0.07	1.3	300	74.2	Citizens Utils
879	7	—	—	879	377	16.36	101.5	371	49.3	City National
330	NA	38	—	368	709	0.67	0.4	1,047	–22.2	CityFed Finl
340	NA	—	—	340	722	0.29	0.5	280	23.6	Citytrust Bancor
408	NA	459	271	1,138	269	0.09	0.6	1,278	37.4	Clark Equipment
411	–28	443	2,353	3,207	50	0.24	4.6	1,354	138.5	Clorox
625	23	—	329	954	349	0.06	1.4	2,943	271.6	CMS Energy

[1]Sales and profits as reported in the Forbes 500s Annual Directory issue, May 1, 1989. — Less than 0.01%. ‡Less than $1,000,000. **Prior year data. ††New CEO; cash compensation is for another executive officer. NA Not available.

Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education: undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
CNW/Robert Schmiege	48	Madison WI	Notre Dame, AB '63/Notre Dame, JD '66	legal	21	1
Coast S&L Assn/Ray Martin	53	Nogales AZ		banking	30	5
Coastal Corp/Oscar S Wyatt Jr*	64	Beaumont TX	Texas A&M, BS '49	technical	34	34
Coca-Cola/Roberto C Goizueta	57	Cuba	Yale, BS '53	technical	35	8
Coca-Cola Enterprises/Brian G Dyson	53	Argentina	U of Buenos Aires, BA '59	financial	30	3
Colgate-Palmolive/Reuben Mark	50	Jersey City NJ	Middlebury, BA '60/Harvard, MBA '63	marketing	26	5
Colorado Natl Bkshs/Will F Nicholson Jr*	60	Colorado Spr CO	MIT, BS '50/Denver, MBA '56	banking	19	4
Columbia Gas System/John H Croom	56	Fayetteville NC	N Carolina St, BS '54	marketing	35	5
Columbia Pictures/Victor A Kaufman	45	New York, NY	CUNY Queens, BA '65/NYU, JD '67	legal	13	6
Columbia S&L Assn/Thomas Spiegel	43	Czechoslovakia	USC, BA '65	financial	12	12
Combustion Eng/Charles E Hugel	60	Plainfield NJ	Lafayette, BA '51	operations	7	5
Comcast/Ralph J Roberts*	69	New York NY	Pennsylvania, BS '41	administration	27	27
Comdisco/Kenneth N Pontikes*	49	Chicago IL	Southern Illinois, BA '63	marketing	20	20
Comerica/Eugene A Miller	51	Detroit MI	Detroit Tech, bBA '64	banking	34	‡
Commerce Bcshs/David W Kemper	38	Kansas City MO	Harvard, BA '72/Stanford, MBA '76	banking	11	3
Commercial Federal/William A Fitzgerald	51	Omaha NE	Creighton, BS '59	banking	34	14
Commonwealth Ed/James J O'Connor	52	Chicago IL	Holy Cross, BS '58/Harvard, MBA '60	administration	26	9
Community Psych/James W Conte*	61	Des Plaines IL	Iowa St, BS '50/Northwestern, MS '57	administration	20	12
Compaq Computer/Joseph R Canion*	44	Houston TX	Houston, BS '66/Houston, MS '68	technical	7	7
Computer Associates/Charles B Wang*	44	China	CUNY Queens, BS '67	technical	13	13
ConAgra/Charles M Harper	61	Lansing MI	Purdue, BS '49/Chicago, MBA '50	administration	15	13
Consolidated Edison/Arthur Hauspurg	63	New York NY	Columbia, BS '45/Columbia, MS '47	technical	20	8
Consol Freightways/Larry R Scott	53	Cleveland OH	Bowling Green State U, BS '61	operations	22	1
Consol Natural Gas/George A Davidson Jr	50	Pittsburgh PA	Pittsburgh, BS '60	technical	23	2
Consolidated Papers/George W Mead	61	Milwaukee WI	Yale, BS '50/Inst Paper Chem, MS '52	operations	37	23
Consolidated Rail/James A Hagen	57	Forrest City IA	St Ambrose, BA '56/Iowa, MA '58	marketing	‡	‡
Contel/Donald W Weber	52	Turtle Creek PA	Duquesne, BS '61	financial	25	2
Continental Bank/Thomas C Theobald	52	Cincinnati OH	Holy Cross, AB '58/Harvard, MBA '60	banking	2	2
Continental Corp/John P Mascotte	50	Fort Wayne IN	Virginia, LLB '64	insurance	8	7
Control Data/Robert M Price	58	New Bern NC	Duke, BS '52/Georgia Tech, MS '58	administration	28	3



Cooper Industries/Robert Cizik	58	Scranton PA	Connecticut, BA '53/Harvard, MBA '58	financial	28	14
Adolph Coors/Jeffrey H Coors	44	Greenwich CT	Cornell, BS '67/Cornell, MS '68	technical	21	4
CoreStates Financial/Terrence A Larsen	42	Chicago IL	Dallas, BA '68/Texas A&M, PhD '71	financial	12	1
Corning Glass Works/James R Houghton	53	Corning NY	Harvard, AB '58/Harvard, MBA '62	administration	27	6
Costco Wholesale/James D Sinegal*	53	Pittsburgh PA	San Diego State, BA '59	retailing	4	1
CPC International/James R Eiszner	61	Chicago IL	Illinois, BS '50/Chicago, PhD '52	sales	26	5
Crane/Robert S Evans	45	Pittsburgh PA	Pennsylvania, BA '66/Columbia, MBA '68	financial	15	5
Cray Research/John A Rollwagen	48	Minneapolis MN	MIT, BS '62/Harvard, MBA '64	marketing	14	9
Crestar Financial/Richard G Tilghman	48	Norfolk VA	Virginia, BA '63	banking	23	4
CrossLand Savings FSB/Maurice L Reissman	46	Brooklyn NY		banking	21	2

*Company founder ‡Now CEO for less than a year

—Salary (000)	Compensation— bonus— % change	other (000)	stk gains (000)	total (000)	Rank among 800 execs	Stock owned— %	mkt val (mil)	—Company data[1]— sales (mil)	profits (mil)	Company
$459	NA	—	—	$459	641	0.05%	$0.3	$995	$94.2	CNW
619	16%	—	—	619	528	0.05	0.1	1,110	47.8	Coast S&L Assn
1,042	14	$15	—	1,057	302	4.43	98.6	8,247	157.4	Coastal Corp
2,164	19	580	—	2,745	57	0.28	54.0	8,338	1,044.7	Coca-Cola
1,047	31	23	—	1,070	297	[2]	0.1	3,874	152.6	Coca-Cola Ent
1,236	25	53	—	1,289	213	0.08	2.6	4,734	317.8	Colgate
382	33	9	—	390	692	1.00	1.9	312	10.6	Colorado Natl
500	1	39	—	539	591	0.05	0.9	3,129	119.0	Columbia Gas Sys
826	NA	1,506	—	2,332	80	0.33	6.9	1,387	–97.8	Columbia Pics
3,960	3	667	$4,106	8,734**	11	3.92	6.7	1,302	65.0	Columbia S&L
681	–27	—	—	681	490	0.16	1.7	3,484	–245.2	Combustion Eng
395	17	349	769	1,512**	163	10.67	163.2	412	–19.7	Comcast
836	–58	10	—	846	396	21.44	215.5	1,331	96.0	Comdisco
557	NA	8	117	681[3]	489	0.06	0.5	1,043	112.0	Comerica
430	11	[2]	—	434	666	0.68	3.0	479	49.0	Commerce Bcshs
549	2	—	—	549	583	1.42	0.6	613	1.4	Commercial Fedl
492	11	—	—	492	614	[2]	0.4	5,613	737.5	Commonwealth Ed
675	–27	51	—	726	467	0.98	13.4	347	70.8	Community Psych
1,867	36	—	—	1,867	118	0.30	9.0	2,066	255.2	Compaq Computer
1,431	46	17	—	1,448	174	5.33	158.5	925	142.4	Computer Assocs
1,312	12	1,392	—	2,704	60	1.45	38.4	10,295	171.7	ConAgra
744	45	110	—	854	390	0.01	0.7	5,109	599.3	Con Edison
539	37	248	501	1,287	214	0.06	0.7	2,689	113.2	Consol Freight
464	13	66	—	530	598	0.03	0.9	2,468	192.9	Consol Natural
387	5	11	—	398	685	1.28	21.4	897	149.9	Consol Papers
450*	NA	—	—	450	650	[2]	[2]	3,490	306.0	Conrail
689	46	241	103	1,032	312	0.03	1.3	2,964	276.1	Contel
1,100	69	3	—	1,103	286	0.02	0.2	3,012	315.8	Continental Bank
602	–27	399	—	1,000	329	0.03	0.5	5,878	0.9	Continental Corp
862	–3	394	—	1,256	223	0.22	1.8	3,628	1.7	Control Data

The median age of the top 800 chief executives is 57. But there are surprisingly young faces, too. The three youngest are Microsoft's William H. Gates III (32); Sun Microsystems' Scott G. McNealy (34); and Banco Popular PR's Richard L. Carrión (36). Occidental Petroleum's Armand Hammer, 91, is the oldest of the group.

1,235	40	—	—	1,235	237	0.19	5.6	4,258	224.4	Cooper Inds
355	–3	8	—	363	712	[2]	NA	1,522	46.9	Adolph Coors
763	67	128	144	1,035	310	0.04	0.8	1,630	179.5	CoreStates Finl
878	9	44	274	1,196	247	0.59	17.3	2,122	292.4	Corning Glass
256	NA	—	—	256	770	4.97	27.3	2,194	14.5	Costco Wholesale
1,181	36	714	522	2,417	74	0.15	6.5	4,700	289.1	CPC Intl
950	NA	791	35	1,776	128	1.94	30.9	1,313	49.2	Crane
541	–2	—	351	892	371	0.12	1.8	780	136.6	Cray Research
496	34	—	97	593	547	0.15	1.1	1,013	86.7	Crestar Finl
629	39	15	—	644	505	0.36	0.7	1,365	104.8	CrossLand Svgs

[1]Sales and profits are consolidated totals. Some companies have fiscal years ending other than December 31. [2]Less than 0.01%. [3]Includes $100,000 ***3% of sale. Data [illegible] [illegible] [illegible]

Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
Crown Cork & Seal/John F Connelly	84	Philadelphia PA		sales	33	32
CSX/John W Snow	49	Toledo OH	U of Toledo, BA '62/Virginia, PhD '65	legal	12	‡
Cullen/Frost Bankers/Thomas C Frost	61	San Antonio TX	Washington & Lee, BS '50	banking	39	18
Cummins Engine/Henry B Schacht	54	Erie PA	Yale, BS '56/Harvard, MBA '62	administration	25	20
Cyprus Minerals/Kenneth J Barr	62	Birmingham AL	Auburn, BS '47	operations	41	4
Dana/Gerald B Mitchell	61	Canada		operations	45	9
Data General/Edson D de Castro*	50	Plainfield NJ	Lowell, BS '60	technical	21	21
Dauphin Deposit/William J King	60	Philadelphia PA	Pennsylvania, BA '74/La Salle U, MBA '80	banking	10	3
Dayton Hudson/Kenneth A Macke	50	Templeton IA	Drake, BS '61	retailing	28	6
Dean Foods/Howard M Dean	52	NA	So Methodist, BBA '60/Northwestern, MBA '61	administration	24	2
Deere/Robert A Hanson	64	Moline IL	Augustana, BA '48	marketing	39	7
Delmarva Power & Lt/Nevius M Curtis	59	Holyoke MA	Havertord, BA '51/Stanford, MBA '56	administration	11	8
Delta Air Lines/Ronald W Allen	47	Atlanta GA	Georgia Tech, BS '64	administration	26	2
Deluxe Corp/Harold V Haverty	59	Detroit MI		operations	35	3
Deposit Guaranty/Emerson B Robinson Jr	47	Centreville MS	Davidson, BS '63/Harvard, MBA '67	banking	22	5
Detroit Edison/Walter J McCarthy Jr	64	New York NY	Cornell, BME '49	operations	26	8
Diamond Shamrock/Roger R Hemminghaus	52	St Louis MO	Auburn, BS '58	technical	5	2
Digital Equipment/Kenneth H Olsen*	63	Bridgeport CT	MIT, BS '50/MIT, MS '52	technical	32	32
Dillard Dept Stores/William T Dillard Sr*	74	Mineral Spr AR	Arkansas, BBA '35/Columbia, MS '37	retailing	50	50
Dime Savings Bank FSB/Harry W Albright Jr	64	Albany NY	Cornell, LLB '52	banking	14	9
Walt Disney/Michael D Eisner	47	New York NY	Denison, BA '64	operations	5	5
Dominion Bankshares/Warner N Dalhouse	54	Roanoke VA	Virginia, BS '56	marketing	33	8
Dominion Resources/William W Berry	57	Norfolk VA	Va Military Inst, BS '54/Richmond, MS '64	technical	32	6
RR Donnelley & Sons/John R Walter	42	Pittsburgh PA	Miami of OH, BS '68	technical	20	‡
Dover/Gary L Roubos	52	Denver CO	Colorado, BS '59/Harvard, MBA '63	operations	18	8
Dow Chemical/Frank P Popoff	53	Bulgaria	Indiana, BA '59/Indiana, MBA '59	marketing	30	2
Dow Jones/Warren H Phillips	62	New York NY	CUNY Queens, BA '47	journalism	42	14
Downey S&L Assn/Gerald H McQuarrie*	67	Minersville UT	Compton, BA '41	administration	32	11
DPL/Peter H Forster	47	Germany	Wis Milw, BS '64/Columbia, JD '72	operations	16	4
Dresser Industries/John J Murphy	57	Olean NY	Rochester Ins Tech, BS '52/So Methodist, MBA '81	operations	37	6
Dreyfus/Howard Stein	62	New York NY		investment	34	18
El du Pont de Nemours/Edgar S Woolard Jr	55	Washington NC	N Carolina St, BS '56	operations	31	‡
Duke Power/William S Lee	59	Charlotte NC	Princeton, BS '51	technical	34	7
Dun & Bradstreet/Charles W Moritz	52	Washington DC	Yale, BA '58	marketing	29	4
Duquesne Light/Wesley W von Schack	45	New York NY	Fordham, BA NA/St John's, MBA NA	financial	5	3
E-Systems/David R Tacke	66	St Louis MO	Pepperdine, MBA '72	technical	43	2
Eastman Kodak/Colby H Chandler	64	Strong ME	Maine, BS '50/MIT, MS '63	technical	39	6
Eaton/James R Stover	62	Marion IN	George Washington, LLB '55	operations	34	3
Echlin/Frederick J Mancheski	62	Stevens Point WI	Wisconsin, BS '48	operations	26	20
EG&G/John M Kucharski	53	Milwaukee WI	Marquette, BS '58/George Washington, JD '65	technical	17	2
Emerson Electric/Charles F Knight	53	Lake Forest IL	Cornell, BME '58/Cornell, MBA '59	administration	16	16
Emhart/Peter L Scott	62	Bellaire OH	Ohio St, BS '49	administration	4	4
Empire of America/Paul A Willax	50	Buffalo NY	Canisius, BA '61/SUNY Buffalo, MBA '67	banking	22	6
Engelhard/Orin R Smith	53	Newark NJ	Brown, AB '57/Seton Hall, MBA '64	sales	12	5
Enron/Kenneth L Lay	47	Tyrone MO	Missouri, BA '64/Houston, PhD '70	administration	5	5

*Company founder ‡New CEO less than six months ‡‡Co-CEO NA Not available

—Salary (000)	Compensation: + bonus— % change	other (000)	stk gains (000)	total (000)	Rank among 800 execs	Stock owned— %	mkt val (mil)	Company data[1]— sales (mil)	profits (mil)	Company
$456	111%	$1	—	5457	643	1.47%	$19.6	$1,834	$93.4	Crown Cork
815	NA	—	—	815	414	0.02	0.6	7,592	147.0	CSX
306	0	40	—	346	720	4.22	5.7	315	2.4	Cullen/Frost
450	-7	1,367	—	1,817	123	0.08	0.6	3,310	-63.4	Cummins Engine
520	NA	3	—	523	602	0.11	1.2	1,327	170.0	Cyprus Minerals
888	34	314	$361	1,563	159	0.20	3.4	5,190	162.2	Dana
576	37	—	—	576	559	2.97	14.8	1,330	-45.4	Data General
393	10	2	—	395	689	0.05	0.2	298	40.7	Dauphin Deposit
1,168	26	214	744	2,126	96	0.09	3.4	12,204	287.0	Dayton Hudson
551	29	346	—	896	368	0.58	4.9	1,612	46.1	Dean Foods
906	88	—	1,079	1,984	106	0.04	1.4	5,461	267.6	Deere
327	11	—	—	327	728	0.01	0.1	768	84.7	Delmarva P&L
457	14	601	—	1,058	301	‡	0.3	7,323	344.5	Delta Air Lines
510	12	65	109	684	485	0.05	1.2	1,196	143.4	Deluxe Corp
225	10	10	—	235	776	0.40	1.0	347	31.5	Deposit Guaranty
451	0	10	—	461	639	‡	0.2	3,102	-235.3	Detroit Edison
575	46	7	—	582	557	0.08	0.5	1,804	54.3	Diamond Sham R&M
932	3	—	9,052	9,984	8	1.92	232.5	12,285	1,209.1	Digital Equip
1,193	7	30	—	1,223	240	4.31	74.4	2,558	113.8	Dillard Dept
558	3	15	—	573	561	0.28	0.8	1,051	45.6	Dime Savings Bk
7,506	12	6	32,588	40,100	1	0.29	32.4	3,747	569.9	Walt Disney
504	-6	6	63	573	564	0.09	0.7	898	83.0	Dominion Bkshrs
558	-3	65	—	623	524	0.01	0.5	3,344	438.4	Dominion Res
405	NA	62	—	468	636	0.04	1.1	2,878	205.3	RR Donnelley
924	18	3	323	1,251	226	0.09	1.7	1,954	145.8	Dover
1,040	15	796	923	2,759	56	0.03	4.5	16,682	2,410.0	Dow Chemical
740	6	401	—	1,141	268	0.05	1.6	1,603	228.2	Dow Jones
821	153	—	—	821	412	11.68	22.3	331	29.0	Downey S&L
340	4	189	—	529	600	0.02	0.2	984	124.7	DPL
978	97	—	—	978	342	0.03	0.8	3,989	135.7	Dresser Inds
1,531	-11	741	—	2,272	84	2.81	34.5	268	90.9	Dreyfus
1,048	NA	11	—	1,058	300	‡	2.3	32,514	2,190.0	El du Pont
479	31	119	—	598	541	0.04	2.0	3,627	448.1	Duke Power
1,120	15	621	784	2,525	68	0.03	2.7	4,267	499.0	Dun & Bradstreet
261	45	—	—	261	767	0.02	0.2	1,063	137.4	Duquesne Light
944	13	408	—	1,352	197	0.30	2.8	1,439	74.6	E-Systems
1,252	20	—	—	1,252	225	‡	1.2	17,034	1,397.0	Eastman Kodak
1,144	22	14	—	1,158	262	0.10	2.1	3,469	230.0	Eaton
400	NA	—	664	1,064	298	0.88	8.2	1,386	64.9	Echlin
685	34	—	64	749	451	0.04	0.4	1,406	68.7	EG&G
1,681	-4	658	7	2,345	79	0.13	9.1	6,793	540.7	Emerson Electric
1,000	0	—	—	1,000**	330	33	8.3	2,763	126.6	Emhart
405	8	28	—	433	667	1.07	0.2	1,090	-57.3	Empire of Amer
875	-2	—	—	875	380	0.37	3.5	2,351	63.7	Engelhard
977	-7	117	—	1,094	290	0.02	0.5	5,708	130.2	Enron

Sales and profits as reported by the latest annual statement. Mar. 31, 1989 — Dec. 31, 1988 — **Plus stock options — NA Not available

Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education—undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
Enserch/William C McCord	61	San Antonio TX	Texas A&M, BA '49	technical	40	18
Equimark/Alan S Fellheimer	46	Philadelphia PA	Temple, BA '68/Temple, JD '71	legal	5	4
Equitable Bancorp/H Grant Hathaway	61	New York NY		banking	34	8
Esselte Business Sys/Hans Fristedt	47	Sweden	Stockholm School of Economics, BS '64/MBA '66	financial	17	3
Ethyl/Floyd D Gottwald Jr	66	Richmond VA	Va Military Inst, BS '43/Richmond, MS '51	administration	46	19
Exchange Bancorp/Ira J Kaufman	61	Chicago IL		financial	10	7
Exxon/Lawrence G Rawl	61	Lyndhurst NJ	Oklahoma, BS '52	technical	37	2
Far West Financial/Fred Kayne	51	Chicago IL	MIT, BS '60	banking	2	1
Farm & Home Finl/Donald F Roby	60	Osceola IA	Drake, BS '50	administration	3	3
Federal Express/Frederick W Smith*	44	Marks MS	Yale, BA '66	technical	18	18
Federal Natl Mortgage/David O Maxwell	59	Philadelphia PA	Harvard, LLB '55	legal	8	8
Federal Paper Board/John R Kennedy	58	New York NY	Georgetown, BS '52	sales	38	14
Fifth Third Bancorp/Clement L Buenger	63	Fort Thomas KY	Xavier, BA '50	banking	20	8
Fin Cp Santa Barbara/Philip R Brinkerhoff	46	Wilmington NC	Brigham Young, BS '66/Harvard, JD '69	financial	4	4
Fireman's Fund/John J Byrne	56	Passaic NJ	Rutgers, BS '54/Michigan, MS '59	insurance	4	4
First Alabama Bcshs/Willard L Hurley	62	Gainesville GA	Huntingdon, BA '50	banking	31	5
First American/Kenneth L Roberts	56	Dungannon VA	Vanderbilt, BA '54/Vanderbilt, LLB '59	banking	13	12
First Bncp Ohio/Howard L Flood	54	Staten Island NY		banking	26	4
First Bank System/Dewalt H Ankeny Jr	56	Minneapolis MN	Dartmouth, BA '54/Dartmouth, MBA '55	banking	22	4
First Capital/Frank R Day	51	Aberdeen MS	Mississippi, BA '53	banking	31	13
First Capital Holding/Robert J Weingarten	47	Brooklyn NY	CUNY City Col, BBA '62	investment	18	6
First Chicago/Barry F Sullivan	58	Bronx NY	Columbia, BA '55/Chicago, MBA '57	banking	9	9
First Citizens Bcshs/Lewis R Holding	61	Smithfield NC	N Carolina, BS '50/Harvard, MBA '52	financial	36	32
First City Bncp Texas/A Robert Abboud	60	Boston MA	Harvard, BS '51/Harvard, LLB '56	financial	2	1
First Commerce/Ian Arnof	49	Memphis TN	Vanderbilt, BA '61/Harvard, MBA '63	banking	11	6
First Empire State/Robert G Wilmers	55	New York NY	Harvard, BA '56	banking	7	6
First Executive/Fred Carr	58	Los Angeles CA		financial	15	15
First Federal Mich/James A Ahler	64	Detroit MI	Michigan, BA '47	banking	32	12
First Fidelity Bncp/Robert R Ferguson Jr	65	Savannah GA	Lehigh, BA '47/Pennsylvania, MBA '49	banking	31	‡
First Florida Banks/A Bronson Thayer	49	Mineola NY	Harvard, BA '61/NYU, MBA '67	financial	7	6
First Hawaiian/John D Bellinger	66	Honolulu HI		banking	47	20
First Interstate Bncp/Joseph J Pinola	64	Pittston PA	Bucknell, BA '49	banking	13	11
First of America Bank/Daniel R Smith	55	Kalamazoo MI	Western Michigan, BBA '55	banking	33	4
First Pennsylvania/George A Butler	61	Westmont NJ	Pennsylvania, BS '50	banking	39	10
First Security/Spencer F Eccles	54	Ogden UT	Utah, BS '56/Columbia, MA '59	banking	30	8
First Tennessee Natl/Ronald Terry	58	Memphis TN	Memphis St, BS '52	banking	32	16
First Union/Edward E Crutchfield Jr	47	Dearborn MI	Davidson, BA '63/Pennsylvania, MBA '65	banking	24	5
First Virginia Banks/Robert H Zalokar	62	West Mineral KS	Kansas, BS '50	banking	34	4
First Wachovia/John G Medlin Jr	55	Benson NC	N Carolina, BS '56	banking	30	12
Firstar/John H Hendee Jr	63	Milwaukee WI	Williams, BA '49/Wisconsin, MBA '56	banking	40	1

Compensation					Rank	Stock owned		Company data[1]		
—Salary (000)	+ bonus— % change	other (000)	stk gains (000)	total (000)	among 800 execs	%	mkt val (mil)	sales (mil)	profits (mil)	Company
$650	-7%	$22	$57	$728	464	0.06%	$0.7	$2,739	$-216.4	Enserch
1,104	42	56	--	1,160	261	2.48	3.4	390	25.3	Equimark
786	14	194	--	980	341	1.77	5.7	545	48.2	Equitable Bncp
464	NA	4	192	659	497	0.14	1.0	1,401	58.9	Esselte Business
795	9	10	328	1,133	271	5.65	165.8	2,718	231.0	Ethyl
113	13	--	--	113	788	11.00	25.0	241	23.9	Exchange Bncp
1,354	12	65	--	1,419	181	0.01	6.2	80,868	5,260.0	Exxon
542	0	--	--	542	588	0.51	0.4	455	8.6	Far West Finl
335	0	--	--	335	724	0.02	0.0	312	11.8	Farm & Home Finl
646	52	4	--	650	500	8.20	194.7	4,244	210.1	Federal Express

Ownership, not wage slavery, remains key to wealth. Those chief executives with the greatest stock holdings in their companies: Berkshire Hathaway's Warren E. Buffett ($3.1 billion); Limited's Leslie H. Wexner ($1.6 billion); and News Corp.'s K. Rupert Murdoch ($1.2 billion).

1,000	36	33	246	1,27[illegible]	217	0.05	2.8	10,635	506.7	Fedl Natl Mort
1,720	56	63	--	1,782	127	0.94	10.0	1,117	143.3	Fedl Paper Board
636	30	--	644	1,280	216	0.45	5.1	506	84.2	Fifth Third Bncp
419	2	17	--	436	665	2.38	0.4	476	-4.7	Finl Santa Barb
1,125	129	79	--	1,204	244	0.09	1.4	3,704	247.0	Fireman's Fund
545	25	28	--	573	563	0.09	0.5	474	58.2	1st Alabama
400	7	46	11	457	642	0.47	2.6	699	30.4	1st American
291	15	4	--	295	751	0.09	0.3	254	33.9	1st Bncp Ohio
515	-11	464	68	1,047	304	0.19	2.8	1,943	-310.0	1st Bank System
299	4	5	--	303	746	4.24	8.9	270	27.5	1st Capital
1,438	NA	4	--	1,441	177	‡	§	736	52.7	1st Capital Hold
1,514	72	101	--	1,615	154	0.25	5.9	4,791	513.1	1st Chicago
303	17	4	--	308	743	13.04	36.6	315	21.2	1st Citizens
316	NA	40	--	356	715	5.19	21.6	865	66.1	1st City Bncp Tx
450	30	--	--	450	648	0.40	0.9	387	23.5	1st Commerce
448	30	6	--	454	645	7.20	28.8	537	44.5	1st Empire State
2,014	22	--	100	2,113**	97	1.09	13.0	3,049	204.5	1st Executive
600	-3	--	39	639	509	0.17	0.3	1,120	35.6	1st Federal Mich
834	NA*	23	340	1,197**	246	0.10	1.6	2,805	33.9	1st Fidelity
9‡‡	0	--	--	9	792	0.09	0.4	479	48.9	1st Florida Bks
600	3	654	--	1,254	224	1.97	10.1	385	43.3	1st Hawaiian
951	-4	47	307	1,305	207	0.06	1.3	5,932	102.4	1st Interstate
560	18	--	--	560	571	0.14	0.7	885	88.8	1st America Bank
676	10	5	--	681	488	0.14	0.7	623	58.2	1st Pennsylvania
370	11	4	--	374	706	4.49	15.8	522	33.0	1st Security
355	-22	171	158	683	486	1.03	4.4	611	52.3	1st Tenn Natl
900	3	119	147	1,166	257	0.07	1.7	2,899	296.9	1st Union
544	23	21	32	597	542	0.09	0.5	482	60.9	1st Virginia Bks
843	15	69	600	1,513	162	0.08	2.0	2,020	244.3	1st Wachovia
528	82	7	313	848	393	0.25	1.6	792	109.9	Firstar

[illegible] only. NA: Not available.

Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
Fleet/Norstar Finl/J Terrence Murray	49	Woonsocket RI	Harvard, BA '62	banking	27	7
Fleetwood Enterprises/John C Crean*	63	Bowden ND		administration	39	39
Fleming Cos/E Dean Werries	60	Tescott KS	Kansas, BS '52	operations	35	1
Florida Federal/John W Sapanski	58	Brooklyn NY	CUNY City Col, BBA '57/MBA '60	banking	1	1
Florida Natl Banks/John D Uible	53	Cleveland OH	Florida, BA '58	banking	12	6
Florida Progress/Andrew H Hines Jr	66	Lake City FL	Florida, BME '47	technical	38	16
Fluor/David S Tappan Jr	67	China	Swarthmore, BA '43/Stanford, MBA '48	sales	37	5
FMC/Robert H Malott	62	Boston MA	Kansas, AB '48/Harvard, MBA '50	operations	36	17
Food Lion/Tom E Smith	48	Salisbury NC	Catawba, AB '64	retailing	19	3
Ford Motor/Donald E Petersen	62	Pipestone MN	Washington, BME '46/Stanford, MBA '49	administration	40	4
Fortune Financial/John B Sweger	69	Quincy FL	Florida, BA '41	administration	24	7
Fourth Financial/Jordan L Haines	62	Sabetha KS	Kansas, BA '49/Kansas, LLD '57	administration	27	4
FPL Group/James L Broadhead	54	New Rochelle NY	Cornell, BSME '58/Columbia, JD '63	technical	1	‡
Freeport-McMoRan/James R Moffett	50	Houma LA	Texas, BS '61/Tulane, MS '63	technical	19	5
Fruehauf/T Neal Combs	46	Dallas TX	Southern Methodist, BA '65/So Methodist, JD '68	legal	14	1
Fuqua Industries/Lawrence P Klamon	52	St Louis MO	Washington, AB '58/Yale, JD '61	administration	22	‡
Gannett/John J Curley	50	Easton PA	Dickinson, BA '60/Columbia, MS '63	journalism	20	3
Gap/Donald G Fisher*	60	San Francisco CA	Calif Berkeley, BS '50	investment	20	20
Geico/William B Snyder	59	Clarksburg WV	Texas Tech, BS '55	marketing	12	4
GenCorp/A William Reynolds	55	Columbus OH	Harvard, AB '55/Stanford, MBA '57	administration	5	4
Genentech/Robert A Swanson*	41	New York NY	MIT, SB '70/MIT, SM '70	administration	13	13
General Cinema/Richard A Smith	64	Boston MA	Harvard, BS '46	administration	42	42
General Dynamics/Stanley C Pace	67	Burkesville KY	US Military Acad, BS '43/Cal Tech, MS '49	administration	4	3
General Electric/John F Welch Jr	53	Peabody MA	Massachusetts, BS '57/Illinois, PhD '60	technical	29	8
General Instrument/Frank G Hickey	61	Stevens Point WI	Dayton, BS '50	marketing	24	15
General Mills/H Brewster Atwater Jr	58	Minneapolis MN	Princeton, AB '52/Stanford, MBA '54	marketing	31	8
General Motors/Roger B Smith	63	Columbus OH	Michigan, BBA '47/Michigan, MBA '49	financial	40	8
General Public Utils/Standley H Hoch	56	Canonsburg PA	Oberlin, BA '54	financial	‡	‡
General Re/Ronald E Ferguson	47	Chicago IL	Blackburn, BA '63/Michigan, MS '65	insurance	20	2
General Signal/Edmund M Carpenter	47	Toledo OH	Michigan, BSE '63/Michigan, MBA '64	operations	1	1
Genuine Parts/Wilton Looney	70	Vanna GA		operations	51	28
Georgia Gulf/James R Kuse	58	Lincoln NE	Oregon St, BS '53	technical	22	4
Georgia-Pacific/T Marshall Hahn Jr	62	Lexington KY	Kentucky, BS '45/MIT, PhD '50	technical	14	6
Gerber Products/David W Johnson	56	Australia	U of Sydney, BE '54/Chicago, MBA '58	administration	2	2
Giant Food/Israel Cohen*	76	Israel		administration	53	12
Gibraltar Financial/James N Thayer	62	Janesville WI	UCLA, BS '48	financial	1	1
Gillette/Colman M Mockler Jr	59	St Louis MO	Harvard, AB '52/Harvard, MBA '54	financial	32	14
PH Glatfelter/Thomas C Norris	51	York PA	Gettysburgh College, BA '60	administration	29	9
GlenFed/Norman M Coulson	56	Hilt CA	Cal St Long Beach, BA '57/Pepperdine, MBA '73	banking	32	2
Golden West Finl/Herbert M Sandler[1]*	57	New York NY	CUNY City Col, BSS '51/Columbia, JSD '54	financial	26	26
Goldome/Ross B Kenzie	57	Prattsburg NY	US Military Acad, BS '53	financial	10	9
BF Goodrich/John D Ong	55	Uhrichsville OH	Ohio St, BA '54/Harvard, LLB '57	operations	28	10
Goodyear/Tom H Barrett	58	Topeka KS	Kansas St, BS '53/MIT, MA '69	technical	36	‡
WR Grace/J Peter Grace	76	Manhasset NY	Yale, BA '36	financial	53	44
WW Grainger/David W Grainger	61	Chicago IL	Wisconsin, BS '50	administration	39	15

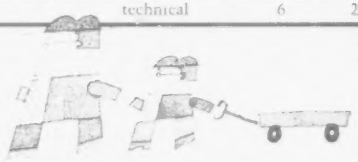
[1]Office equity held with Marion O Sandler, co-chairman. Together, they own 10.6% of stock.

—Salary (000)	Compensation— + bonus— % change	other (000)	stk gains (000)	total (000)	Rank among 800 execs	—Stock owned— %	mkt val (mil)	—Company data[1]— sales (mil)	profits (mil)	Company
$1,006	NA	$30	$2,271	$3,307	49	0.13%	$4.0	$3,051	$335.8	Fleet/Norstar
613	0%	—	231	844	397	18.81	111.4	1,567	67.7	Fleetwood Ent
549	–20	7	33	589	549	0.15	1.5	10,467	65.4	Fleming Cos
275*	0	—	—	275	758	0.02	0.0	452	–73.5	Florida Federal
266	8	—	15	280	756	8.76	56.8	749	34.9	Florida Natl
554	11	—	—	554	578	0.06	1.0	2,002	179.8	Florida Progress
899	100	—	—	899	365	0.44	8.4	5,514	69.0	Fluor
1,043	11	80	—	1,123	276	1.37	16.8	3,287	129.2	FMC
532	13	30	—	562	568	0.86	30.7	3,815	112.5	Food Lion
3,285	–12	55	7,151	10,491	7	0.02	4.4	92,446	5,300.2	Ford Motor
393	–9	—	—	393	690	1.46	1.3	288	–2.0	Fortune Finl
368	NA	7	—	375	704	0.46	1.5	255	30.6	Fourth Financial
NA	NA	—	—	—	—	‡	0.0	5,854	447.8	FPL Group
1,558	67	946	—	2,504	69	0.72	18.0	1,945	310.1	Freeport-McMoRan
265	32	—	—	265	762	2.17	0.7	2,054	–56.5	Fruehauf
630	NA	—	—	630**	519	0.46	2.7	934	92.7	Fuqua Industries
1,225	14	24	738	1,987	105	0.06	3.8	3,314	364.5	Gannett
1,374	20	15	—	1,389	186	26.81	404.6	1,252	74.2	Gap
700	–4	397	386	1,483	169	0.35	7.2	1,757	189.0	Geico
841	4	7	—	848	392	0.14	0.8	1,891	67.0	GenCorp
425	–17	—	—	425	669	4.81	76.0	323	20.6	Genentech
1,225	69	2	—	1,227	239	25.19	433.2	2,378	104.2	General Cinema
1,041	–4	30	—	1,070	296	0.02	0.6	9,551	379.0	General Dynamics
2,352	14	—	—	2,352	77	0.01	5.1	49,773	3,386.0	General Electric
798	80	4	—	801	425	0.23	2.4	1,268	84.3	General Instrum
1,310	1	17	1,333	2,661	62	0.15	7.5	5,557	506.7	General Mills
983	13	1,069	1,007	3,059	52	0.03	8.6	121,817	4,632.1	General Motors
450*	NA	—	—	450*	650	‡	§	2,834	283.8	General Pub Util
979	17	25	—	1,004	326	0.01	0.6	2,736	480.0	General Re
660	0	200	—	860	384	0.08	0.8	1,760	25.2	General Signal
767	17	—	—	767	441	0.97	29.8	2,942	181.4	Genuine Parts
841	5	48	—	888	374	7.12	72.8	1,061	193.6	Georgia Gulf
950	6	219	—	1,169	256	0.09	3.9	9,509	467.0	Georgia-Pacific
189	NA	220	—	410	676	0.01	0.1	933	56.2	Gerber Products
1,247	26	—	—	1,247	229	4.53	73.8	2,987	98.0	Giant Food
275	–21	—	—	275	758	0.01	0.0	1,298	–100.5	Gibraltar Finl
946	6	47	—	994	331	0.19	7.0	3,581	268.5	Gillette
553	NA	—	—	553	580	0.25	2.7	569	82.2	Glatfelter
647	29	11	139	796	427	0.06	0.3	2,465	153.7	GlenFed
607	–14	—	—	607	535	7.53	95.2	1,410	138.3	Golden West Finl
556	–2	89	—	645	503	0.45	0.3	1,405	–119.1	Goldome
960	13	275	220	1,455	173	0.18	2.5	2,417	193.0	BF Goodrich
875	NA	—	—	875	379	0.02	0.6	10,810	350.1	Goodyear
1,395	16	10	—	1,405	183	0.32	8.6	5,786	228.8	WR Grace
638	4	—	—	638	510	10.69	167.6	1,535	108.8	WW Grainger

[1]Sales and profits as reported in the latest 365 days of income tenure. Mkt val—Market value. *Annualized salary. **Includes $100,000 of deferred income. §Less than $100,000. ‡New CEO; cash compensation is for months covering this office. NA—Not available.

Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
Gt Am First Savings/Gordon C Luce	63	San Diego CA	Stanford, BA '50/Stanford, MBA '52	administration	19	19
Great American Mgmt/Samuel Zell	47	Chicago IL	Michigan, BA '61/Michigan, JD '63	investment	NA	8
Great A&P Tea/James Wood	59	England		retailing	9	9
Great Lakes Bancorp/Roy E Weber	60	Ann Arbor MI		banking	39	20
Great Lakes Chemical/Emerson Kampen	61	Kalamazoo MI	Michigan, BS '51	operations	38	12
Gt Northern Nekoosa/William R Laidig	62	Sterling IL	Marquette, BS '49	administration	39	5
Gt Western Financial/James F Montgomery	54	Topeka KS	UCLA, BS '57	financial	14	10
Greater NY Savings/Charles J Ohlig	52	Jamaica NY	Pace, BBA '71	investment	8	1
Greyhound/John W Teets	55	Elgin IL		administration	25	8
Grumman/John O'Brien	58	New York NY	SUNY Farmingdale, BS '51	technical	35	1
GTE/James L Johnson	62	Vernon TX	Texas Tech, BA '49	financial	40	1
Gulf & Western/Martin S Davis	62	New York NY		operations	31	6
Gulf States Utils/E Linn Draper Jr	47	Houston TX	Rice, BS '65/Cornell, PhD '70	technical	10	3
Halliburton/Thomas H Cruikshank	57	Lake Charles LA	Rice, BA '52/Houston, MA '55	legal	20	6
MA Hanna/Martin D Walker	56	Indianapolis IN	CMI Inst, BS '54/Michigan St, MBA '70	operations	3	3
Hanover Insurance/William J O'Brien	57	Yonkers NY	Fordham, BS '54	insurance	18	10
Harcourt Brace/Ralph D Caulo	54	Cook County IL	Colorado, BA '57/Redlands, MA '62	marketing	15	‡
Harris Corp/John T Hartley	59	Jacksonville FL	Auburn, BS '55	operations	33	3
Hasbro/Stephen D Hassenfeld	47	Providence RI		operations	26	9
Hawaiian Electric/C Dudley Pratt Jr	61	Honolulu HI	Yale, BS '50/U of Hawaii, MBA '71	technical	36	8
HJ Heinz/Anthony J F O'Reilly	53	Ireland	U of Dublin, BCL '58/U of Bradford, PhD '80	marketing	20	10
Henley Group/Michael D Dingman	57	New Haven CT		administration	19	19
Hercules/David S Hollingsworth	61	Wilmington DE	Lehigh, BS '48	technical	41	2
Hershey Foods/Richard A Zimmerman	57	Lebanon PA	Penn St, BA '53	operations	31	5
Hewlett-Packard/John A Young	57	Nampa ID	Oregon St, BS '53/Stanford, MBA '58	technical	31	11
Hibernia/Martin C Miller	54	Mason City IA	William & Mary, BA '57/Pennsylvania, MBA '59	banking	16	16
Hillenbrand Inds/W August Hillenbrand	48	Batesville IN	St Joseph's, BS '65	administration	23	‡
Hills Dept Stores/Stephen A Goldberger	46	Cambridge MA	Brown, AB '64/Harvard, MBA '66	administration	18	3
Hilton Hotels/Barron Hilton	61	Dallas TX		administration	35	23
Himont/Alexander F Giacco	69	Italy	Virginia Polytech, BS '42	technical	6	2



Holiday/Michael D Rose	47	Akron OH	Cincinnati, BBA '63/Harvard, JD '66	operations	15	8
Holly Farms/R Lee Taylor II	47	Memphis TN	Princeton, BS '64	administration	23	7
Home Depot/Bernard Marcus*	60	Newark NJ	Rutgers, BS '54	administration	11	11
Home Group/Marshall Manley	49	Newark NJ	CUNY Brooklyn, BA '62/NYU, JD '65	legal	4	2
HomeFed/Kim Fletcher	61	Los Angeles CA	Stanford, BA '50	financial	39	20
Homestake Mining/Harry M Conger	58	Seattle WA	Colo Sch Mines, EM '55	technical	14	11
Homestead Financial/Lawrence Weissberg	68	New York NY		banking	29	29
Honeywell/James J Renier	59	Duluth MN	Col of St Thomas, BS '51/Iowa St, PhD '55	technical	33	2
Geo A Hormel/Richard L Knowlton	56	Austin MN	Colorado, BA '54	marketing	41	8
Household Intl/Donald C Clark	57	Brooklyn NY	Clarkson, BBA '53/Northwestern, MBA '61	financial	34	7

*Company founder ‡New CEO, less than six months' service NA Not available

Salary (000)	Compensation: + bonus— % change	other (000)	stk gains (000)	total (000)	Rank among 800 execs	Stock owned: %	mkt val (mil)	Company data[1]: sales (mil)	profits (mil)	Company
$625	–15%	$3	—	$628	523	0.12%	$0.4	$1,601	$50.3	Gt Am First Svgs
28‡‡	NA	—	—	28	791	‡	$	1,505	22.5	Gt American Mgmt
2,010	1	30	—	2,040	102	0.03	0.6	10,068	127.6	Great A&P
411	13	—	$72	482	625	1.10	0.8	334	16.3	Great Lakes Bncp
740	36	4	353	1,097	288	0.80	9.2	558	103.3	Great Lakes Chem
708	20	13	103	823	410	0.08	1.8	3,588	341.7	Gt Nrthn Nekoosa
1,294	15	90	743	2,127	95	0.15	3.4	3,166	248.4	Gt Western Finl
425	NA	13	—	438	663	0.04	0.1	250	9.1	Greater NY Svgs
1,541	14	170	—	1,711	135	0.27	3.1	3,305	93.3	Greyhound
508	35	7	—	515	606	0.06	0.4	3,591	86.5	Grumman
1,114	41	158	—	1,272	218	‡	1.1	16,460	1,224.7	GTE
3,673	60	894	—	4,567	31	0.80	50.5	5,277	389.2	Gulf & Western
305	2	9	—	314	739	0.01	0.1	1,520	117.5	Gulf States Util
638	6	22	—	659	496	0.09	2.9	4,839	84.6	Halliburton
858	NA	—	—	858	386	‡	$	1,019	83.2	MA Hanna
305	12	27	—	332	725	0.16	0.9	1,580	119.9	Hanover Ins
445	NA	—	—	445††	656	0.13	0.9	1,782	–53.5	Harcourt Brace
793	8	191	—	983	338	0.04	0.4	2,105	67.1	Harris Corp
1,420	43	50	556	2,026	103	3.94	38.9	1,358	72.4	Hasbro
510	NA	45	—	555	576	0.03	0.2	733	55.0	Hawaiian Elec
1,099	7	1,588	2,248	4,935	26	0.23	14.9	5,639	424.7	HJ Heinz
1,160	NA	167	—	1,327	203	1.77	23.1	1,036	–47.0	Henley Group
614	–7	15	—	628	521	0.05	1.0	2,862	120.4	Hercules
732	13	371	—	1,104	285	0.15	4.0	2,168	213.9	Hershey Foods
3,749	241	110	1,988	5,846	21	0.07	8.6	10,296	830.0	Hewlett-Packard
1,041	15	180	—	1,221	242	0.52	2.7	546	53.0	Hiberna
684	NA	53	—	737††	459	3.97	46.4	884	69.7	Hillenbrand Inds
635	–14	81	—	716	468	7.20	10.3	1,671	10.6	Hills Dept Strs
955	18	10	—	964	344	3.55	109.4	915	130.9	Hilton Hotels
841	NA	15	—	857	387	‡	0.2	1,746	375.0	Himont

Of these 800 chief executives, only one, Banco Popular's Richard L. Carrión, succeeded his father in the job. At Molex, Frederick A. Krehbiel succeeded his brother John. And at Hillenbrand, Daniel A. Hillenbrand was succeeded by his nephew, W. August.

748	–6	493	—	1,241	234	2.08	22.2	1,597	117.2	Holiday
262	–13	—	—	262	766	1.24	13.6	1,798	69.0	Holly Farms
1,665	27	24	—	1,688	140	5.25	104.4	2,000	76.8	Home Depot
1,803	3	100	—	1,903	115	0.42	1.8	2,978	87.5	Home Group
664	8	5	—	669	494	0.05	0.4	1,578	111.3	HomeFed
521	9	15	337	944	351	0.12	1.6	346	63.3	Homestake Mining
514	–17	—	226	740	457	28.04	14.6	490	–9.1	Homestead Finl
575	–33	28	—	603	538	0.04	1.2	7,148	–434.9	Honeywell
898	13	21	—	919	357	0.10	0.9	2,289	61.7	Geo A Hormel
1,015	4	1,198	3,422	5,635	23	0.38	7.0	2,637	246.7	Household Intl

[1]Sales and profits as reported in the Forbes 500s Annual Directory issue. Most fiscal years ended Dec. 31, 1988. ‡Less than 0.01%. ‡‡Less than $500,000. ††New CEO; cash compensation is for another executive officer. ‡‡‡Director's fees only. NA: Not available.

Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
Houston Industries/Don D Jordan	57	Corp Christi TX	Texas, BBA '54/S Texas Col of Law, JD '69	legal	33	12
Howard Savings Bank/Donald F McCormick	58	East Orange NJ	N Carolina, BA '53	banking	15	7
Hubbell/G J Ratcliffe	52	Charleston WV	Virginia, LLB '61	legal	15	1
Humana/David A Jones*	57	Louisville KY	Louisville, BS '54/Yale, JD '60	legal	28	28
Huntington Bcshs/Frank Wobst	55	Germany	U of Erlangen, BA '55/Rutgers, MBA '64	banking	15	8
ICH/Robert T Shaw	55	McCrory AR		insurance	24	14
Illinois Power/Wendell J Kelley	63	Champaign IL	Illinois, BS '49	technical	40	23
Illinois Tool Works/John D Nichols	58	China	Harvard, BA '53/Harvard, MBA '55	operations	9	7
IMC Fertilizer Group/Billie B Turner	58	Whitesboro TX	Texas A&M, BS '52	sales	35	6
Imperial Corp of Am/Kenneth J Thygerson	43	Chicago IL	Northwestern, BS '67/Northwestern, PhD '72	financial	4	4
Independence Bancorp/R Roy Hager	58	Perkasie PA		banking	39	7
Indiana National/Thomas M Miller	59	Corydon IN	Indiana, BS '52	banking	35	8
Ingersoll-Rand/Theodore H Black	60	Jersey City NJ	US Naval Acad, BS '53	technical	32	1
Inland Steel Inds/Frank W Luerssen	61	Reading PA	Penn St, BS '50/Lehigh, MS '51	technical	37	7
Inspiration Resource/Reuben F Richards	59	New York NY	Harvard, AB '52	banking	7	7
Integra Financial/William F Roemer	55	Youngstown OH	Princeton, BA '55	banking	20	10
Integrated Resources/Arthur H Goldberg*	47	New York NY	NYU, BS '63/NYU, JD '66	legal	21	‡
Intel/Andrew S Grove	52	Hungary	CUNY City Col, BS '60/Calif Berkeley, PhD '63	technical	21	2
Interco/Harvey Saligman	50	Philadelphia PA	Phil Col Textiles, BS '60	administration	13	6
Intergraph/James W Meadlock*	55	Taylorsville NC	N Carolina St, BS '56	technical	20	20
IBM/John F Akers	54	Boston MA	Yale, BS '56	marketing	29	4
Intl Flavors & Frags/Eugene P Grisanti	59	Buffalo NY	Boston U, LLB '53/Harvard, LLM '54	legal	29	4
Intl Minerals & Chem/George D Kennedy	63	Pittsburgh PA	Williams, BA '47	administration	18	6
Intl Multifoods/Andre Gillet	62	France	U of Paris, BA '47	administration	38	5
International Paper/John A Georges	58	El Paso TX	Illinois, BS '51/Drexel, MS '57	technical	10	5
Ipalco Enterprises/Zane G Todd	65	Hanson KY	Purdue, BS '51	operations	38	13
Itel/Samuel Zell	47	Chicago IL	Michigan, BA '61/Michigan, JD '63	investment	21	21
ITT/Rand V Araskog	57	Fergus Falls MN	US Military Acad, BS '53	administration	23	10
James River Corp Va/Brenton S Halsey*	62	Newport News VA	Virginia, BS '52	technical	20	20
Jefferson-Pilot/W Roger Soles	68	Whiteville NC	N Carolina, BS '47	investment	42	22
Jefferson Smurfit/Michael W J Smurfit	52	England		operations	34	12
Johnson & Johnson/Ralph S Larsen	50	Brooklyn NY	Hofstra, BBA '62	operations	27	±
Johnson Controls/James H Keyes	48	La Crosse WI	Marquette, BS '62/Northwestern, MBA '63	financial	23	1
K mart/Joseph E Antonini	47	Morgantown WV	West Virginia, BS '64	retailing	25	2
Kansas City P&L/A Drue Jennings	42	Topeka KS	Kansas, BS '68/Kansas, JD '72	legal	15	1
Kansas Gas & Elec/Wilson K Cadman	61	Wichita KS	Wichita St, BA '51	administration	38	8
Kansas Power & Light/David S Black	60	Everett WA	Washington, LLB '54	legal	10	2
Kellogg/William E LaMothe	62	Brooklyn NY	Fordham, AB '50	marketing	39	10
Kemper/Joseph E Luecke	62	Philadelphia PA	La Salle, BA '50	insurance	38	10
Kentucky Utilities/John T Newton	58	Shelbyville KY	Western Kentucky, BS '52	financial	31	2
Kerr-McGee/Frank A McPherson	56	Stillwater OK	Oklahoma St, BS '57	operations	32	6
KeyCorp/Victor J Riley Jr	57	Buffalo NY	Notre Dame, BA '53	financial	25	16
Kimberly-Clark/Darwin E Smith	63	Garrett IN	Harvard, LLB '55	legal	31	17
Kinder-Care/Perry Mendel	67	Atlanta GA		administration	20	20
Knight-Ridder/James K Batten	53	Suffolk VA	Davidson, BS '57/Princeton, MPA '62	journalism	32	1

*Company founder ‡Sold to [illegible]

—Salary (000)	—Compensation— + bonus— % change	other (000)	stk gains (000)	total (000)	Rank among 800 execs	—Stock owned— %	mkt val (mil)	—Company data[1]— sales (mil)	profits (mil)	Company
$679	2%	$11	—	$690	482	0.03%	$1.1	$3,596	$421.9	Houston Inds
526	12	12	$102	641	506	0.15	0.4	481	35.1	Howard Savings
508	36	2	45	555	537	0.24	2.3	614	71.3	Hubbell
991	14	136	—	1,127	275	2.89	87.3	3,580	231.6	Humana
773	27	40	1,046	1,859	120	0.75	5.7	881	87.6	Huntington Bcshs
1,097	0	—	—	1,097	289	11.97	28.6	2,885	42.9	ICH
383	8	14	—	397	686	0.02	0.2	1,285	155.4	Illinois Power
715	18	11	—	727	466	0.52	9.8	1,930	140.0	Illinois Tool
577	NA	5	—	582	556	0.18	2.1	1,185	124.0	IMC Fertilizer
400	–50	6	—	406	679	0.25	0.2	1,161	10.7	Imperial Corp Am
267	–25	53	3	324	732	0.07	0.2	226	–10.4	Independence Bcp
552	29	441	717	1,710	136	0.66	3.3	545	55.8	Indiana National
788	NA	128	48	964	345	0.03	0.6	3,021	161.6	Ingersoll-Rand
940	46	—	437	1,377	191	0.18	2.4	4,068	248.8	Inland Steel
709	NA	45	—	754	448	0.01	0.1	1,366	42.0	Inspiration Res
328	NA	145	—	473	632	0.09	0.6	646	66.4	Integra
1,105	NA	9	610	1,724	133	2.08	2.2	1,500	49.2	Integrated Res
714	6	23	5,746	6,482	16	0.18	9.2	2,875	452.9	Intel
712	0	—	—	712	471	0.32	0.3	2,746	112.7	Interco
246	38	17	—	263	765	5.28	51.1	800	88.0	Intergraph
1,526	21	—	564	2,089	100	‡	4.0	59,681	5,491.0	IBM
603	14	14	—	617	530	1.14	23.2	840	128.7	Intl Flavors
2,188	99	531	—	2,719	58	0.47	4.8	1,044	82.1	Intl Minerals
760	15	4	—	764	443	0.18	0.8	1,847	35.9	Intl Multifoods
1,225	32	80	—	1,305	206	0.12	6.5	9,533	754.0	Intl Paper
635	7	634	—	1,269	219	0.07	0.6	609	99.0	Ipalco
850	NA	—	—	850	391	‡	§	1,644	24.8	Itel
2,234	23	198	617	3,048	53	0.19	14.7	19,355	817.0	ITT
920	–22	14	323	1,257	222	0.82	19.5	5,623	239.8	James River Corp
894	31	—	—	894	370	0.15	1.9	1,223	101.2	Jefferson-Pilot
982	–20	2,977	5,294	9,252	10	0.08	1.0	1,255	144.5	Jeffrsn Smurfit
635	NA	—	—	635**	514	‡	0.8	9,000	974.0	Johnson & Johnsn
711	60	10	63	784	432	0.25	3.3	3,227	104.6	Johnson Controls
925	45	22	64	1,011	322	0.01	1.0	27,550	802.9	K mart
310	–18	14	—	325**	730	0.01	0.1	737	105.7	Kansas City P&L
277	13	17	—	294	752	0.02	0.1	526	77.2	Kansas G&E
263	29	8	—	271	761	‡	0.1	1,166	79.8	Kansas Pwr & Lt
1,300	18	20	—	1,320	205	0.19	14.9	4,349	480.4	Kellogg
416	16	—	148	564	566	0.16	3.3	3,135	223.8	Kemper
234	22	—	—	234	777	0.04	0.3	560	79.3	Kentucky Utils
576	23	10	—	586	551	0.05	1.2	2,689	110.0	Kerr-McGee
789	10	20	—	809	417	0.26	2.6	1,394	119.9	KeyCorp
1,205	10	10	—	1,215	243	0.28	14.1	5,394	378.6	Kimberly-Clark
907	NA	—	—	907**	360	2.53	11.5	935	43.3	Kinder-Care
743	8	—	87	831	405	0.01	0.2	2,083	156.4	Knight-Ridder

[1]Sales and profits as reported using fiscal years ending between March 1, 1988 and February 28, 1989. ‡Holds less than 1,000 shares. §Not available. **Prior year data. ††Not 1/20 cash compensation is for another executive officer. NA: Not available.

Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education: undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
Kroger/Lyle Everingham	63	Flint MI		retailing	42	11
Lafarge/Robert W Murdoch	47	Australia	U of Brit Columbia, BA '64/U of Toronto, LLB '67	administration	22	‡
Leslie Fay Cos/John J Pomerantz	55	New York NY	Pennsylvania, BA '55	marketing	33	7
Liberty National/Frank B Hower Jr	60	Louisville KY	Centre, BA '50	banking	39	16
Eli Lilly/Richard D Wood	62	Brazil IN	Purdue, BS '48/Pennsylvania, MBA '50	marketing	39	16
Limited/Leslie H Wexner*	51	Dayton OH	Ohio St, BS '59	retailing	26	26
LIN Broadcasting/Donald A Pels	61	New Rochelle NY	Pennsylvania, BS '48/NYU, JD '53	administration	20	20
Lincoln National/Ian M Rolland	55	Fort Wayne IN	DePauw, BA '55/Michigan, MA '56	insurance	33	12
Litton Industries/Orion L Hoch	60	Canonsburg PA	Carnegie-Mellon, BS '52/Stanford, PhD '57	technical	32	2
Liz Claiborne/Elisabeth C Ortenberg*	60	Belgium		administration	13	13
Lockheed/Daniel M Tellep	57	Forest City PA	Calif Berkeley, BSME '54/Calif Berkeley, MSEE '55	technical	34	‡
Loews/Laurence A Tisch[1]	66	Brooklyn NY	NYU, BS '42/Pennsylvania, MA '43	financial	30	29
Lomas Financial/Jess T Hay	58	Forney TX	So Methodist, BBA '53/So Methodist, JD '55	legal	29	24
Lone Star Tech/Wm Howard Beasley III	42	Dallas TX	Duke, AB '68/Texas, PhD '71	financial	14	4
Long Island Lighting/William J Catacosinos	59	New York NY	NYU, BS '51/NYU, PhD '62	technical	10	5
Longs Drug Stores/Robert M Long	51	Oakland CA	Claremont Mens C, BA '60	retailing	28	12
Longview Fibre/Richard P Wollenberg	73	Juneau AK	Calif Berkeley, BS '36/Harvard, MBA '38	operations	50	11
Loral/Bernard L Schwartz	63	New York NY	CUNY City Col, BBA '48	administration	17	17
Louisiana Land/H Leighton Steward	54	Fairfield TX	So Methodist, BS '58/So Methodist, MS '60	administration	7	‡
Louisiana-Pacific/Harry A Merlo	64	Stirling City CA	Calif Berkeley, BS '49	marketing	40	15
Louisville G&E/Robert L Royer	61	Louisville KY	Rose-Hulman Inst Tech, BS '49	technical	40	11
Lowe's Cos/Leonard G Herring	61	Snow Hill NC	N Carolina, BS '48	financial	33	11
LTV/Raymond A Hay	60	Long Island NY	LIU, BS '49/St John's, MBA '60	administration	14	6
Lubrizol/Lester E Coleman	58	Akron OH	Akron, BS '52/Illinois, PhD '55	technical	34	11
Mack Trucks/John B Curcio	55	Hazelton PA	La Salle, LLB '63	administration	22	5
Mfrs Hanover/John F McGillicuddy	58	Harrison NY	Harvard, LLB '55	banking	30	10
Manufacturers Natl/Dean E Richardson	61	West Branch MI	Michigan St, BA '50/Michigan, JD '53	banking	36	16
Manville/W Thomas Stephens	46	Crossett AR	Arkansas, BS '65/Arkansas, MS '66	operations	26	3
Mapco/James E Barnes	55	Ponca City OK	Oklahoma St, BS '57	operations	6	5
Marion Laboratories/Fred W Lyons Jr	54	Youngstown OH	Michigan, BS '57/Harvard, MA '59	administration	21	5
Marriott/J Willard Marriott Jr	57	Washington DC	Utah, BS '54	administration	33	17
Marsh & McLennan Cos/Frank J Tasco	61	New York NY	NYU, BA '49	insurance	35	3
Marshall & Ilsley/John A Puelicher	68	Milwaukee WI	Wis Milw, BA '43	banking	43	31
Martin Marietta/Norman R Augustine	53	Denver CO	Princeton, BS '57/Princeton, MS '59	technical	12	1
Masco/Richard A Manoogian	52	Long Branch NJ	Yale, BA '58	administration	31	21
Masco Industries/Richard A Manoogian	52	Long Branch NJ	Yale, BA '58	administration	31	4
Mattel/John W Amerman	57	Newark NJ	Dartmouth, BA '53/Dartmouth, MBA '54	marketing	9	2
May Dept Stores/David C Farrell	55	Chicago IL	Antioch, BA '56	retailing	33	10
Maytag/Daniel J Krumm	62	Sioux City IA	Iowa, BA '50	marketing	37	15
MBIA/William O Bailey	62	Syracuse NY	Dartmouth, AB '47/Pennsylvania, MBA '49	financial	2	2

[1]Office jointly held with Preston R Tisch. *Company founder. ‡New CEO, less than six months service.

—Salary (000)	Compensation— + bonus— % change	other (000)	stk gains (000)	total (000)	Rank among 800 execs	—Stock owned— %	mkt val (mil)	—Company data[1]— sales (mil)	profits (mil)	Company
$1,009	26%	$136	$3,727	$4,873	27	0.32%	$2.8	$17,463	$34.5	Kroger
416	NA	16	183	614	531	‡	0.0	1,309	93.5	Lafarge
3,442	NA	—	—	3,442	47	9.33	25.4	683	22.3	Leslie Fay Cos
457	NA	29	—	486	622	0.64	1.9	290	28.9	Liberty National
1,148	14	494	—	1,642	151	0.07	11.0	4,070	761.0	Eli Lilly
1,031	10	133	—	1,164	258	28.91	1,575.4	4,071	245.1	Limited
1,030	8	—	—	1,030	314	3.22	147.5	226	82.1	LIN Broadcasting
758	6	—	—	758	446	0.04	0.9	7,312	146.7	Lincoln National
997	27	30	3,581	4,608	30	0.19	3.8	4,943	172.8	Litton Inds
700	–13	—	—	700	477	2.74	48.1	1,184	110.3	Liz Claiborne

These 800 executives own stock worth over $25 billion at current market prices. Yet 29 of these leaders own little or no stock in their companies. They include M.A. Hanna's Martin D. Walker; Prime Computer's Anthony L. Craig; and UAL's Stephen M. Wolf.

449	NA	12	76	537††	592	0.01	0.3	10,590	624.0	Lockheed
200	–31	11	—	211	781	12.68	875.7	10,507	908.5	Loews
500	10	27	772	1,298	209	2.01	6.4	1,283	24.0	Lomas Finl
511	NA	237	—	748	452	0.16	0.3	688	–24.8	Lone Star
350	8	10	—	360	713	0.01	0.2	2,138	298.5	Long Island Ltg
391	–17	100	—	491	615	9.97	73.7	1,925	55.9	Longs Drug Strs
301	6	79	—	379	699	1.80	15.2	690	99.2	Longview Fibre
1,446	74	—	—	1,446	175	3.93	33.4	1,493	85.2	Loral
513	NA	26	—	539††	590	0.30	3.1	695	–70.2	Louisiana Land
650	4	458	—	1,108	282	0.68	8.4	1,799	135.2	Louisiana-Pac
230	10	1	—	231	778	0.03	0.2	660	85.0	Louisville G&E
379	–5	49	—	428**	668	1.30	12.8	2,517	69.2	Lowe's Cos
821	19	7	—	827	408	‡	0.0	7,325	–890.6	LTV
758	17	33	—	791	429	0.32	5.0	1,126	131.2	Lubrizol
494	33	135	—	628	522	0.14	0.5	2,102	24.9	Mack Trucks
1,646	101	23	—	1,669	144	0.15	2.7	8,019	752.0	Mfrs Hanover
606	26	11	—	618	529	0.31	2.2	924	96.3	Mfrs National
683	–19	—	—	683	487	‡	§	2,062	96.0	Manville
672	1	4	—	676**	491	0.08	1.1	1,736	117.1	Mapco
817	–7	—	—	817	413	0.25	9.8	827	181.0	Marion Labs
1,007	3	—	—	1,007	324	7.20	259.0	7,370	232.0	Marriott
1,265	12	12	102	1,379	190	0.18	7.8	2,272	296.3	Marsh & McLennan
836	76	23	—	859	385	1.23	7.9	677	76.2	Marshall & Ilsly
839	23	—	—	839	400	‡	0.2	5,727	319.8	Martin Marietta
1,079	5	30	—	1,109	280	2.82	98.9	2,539	288.3	Masco
300	–3	—	—	300	747	8.11	63.1	1,651	82.1	Masco Industries
564	NA	213	—	777	437	‡	§	990	35.9	Mattel
1,125	5	12	—	1,137**	270	0.19	11.4	11,742	534.0	May Dept Stores
898	3	—	—	898	366	0.16	3.4	1,886	158.6	Maytag
650	8	442	—	1,092	292	0.02	0.2	151	92.0	MBIA

Sales and profits as reported in the Forbes 500s Annual Directory issue, May 1, 1989. Fiscal year 1988. ‡Less than 0.01%. §Less than $100,000. **Includes other pay. ††Includes cash compensation in lieu of deferred executive office. NA Not available.

Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
MCA/Lew R Wasserman	76	Cleveland OH		sales	52	42
McCaw Cellular/Craig O McCaw*	39	Centralia WA	Stanford, BA '73	administration	23	9
McDonald's/Michael R Quinlan	44	Chicago IL	Loyola, BS '67/Loyola, MBA '70	administration	23	2
McDonnell Douglas/John F McDonnell	51	Baltimore MD	Princeton, BS '60/Princeton, MS '62	technical	27	1
McGraw-Hill/Joseph L Dionne	55	Montgomery AL	Hofstra, BA '55/Columbia, EdD '65	operations	23	6
MCI Communications/Wm G McGowan*†	61	Ashley PA	King's, BS '50/Harvard, MBA '52	operations	21	21
McKesson/Thomas W Field Jr	55	Alhambra CA		retailing	5	3
MCorp/Gene H Bishop	59	Forest MS	Mississippi, BBA '52	banking	14	14
Mead/Burnell R Roberts	62	Lafayette WI	Wis Milw, BBA '50/Harvard, MBA '57	financial	23	7
Media General/James S Evans	68	Joplin MO	Purdue, BS '42	administration	16	4
Medtronic/Winston R Wallin	63	Minneapolis MN	Minnesota, BBA '48	operations	11	4
Mellon Bank/Frank V Cahouet	57	Boston MA	Harvard, BA '54/Pennsylvania, MBA '59	banking	2	2
Melville/Stanley P Goldstein	54	Woonsocket RI	Pennsylvania, BS '55	retailing	26	2
Mercantile Bancorp/Thomas H Jacobsen	49	Chicago IL	Lake Forest, BS '63/Chicago, MBA '68	banking	‡	‡
Mercantile Bkshs/H Furlong Baldwin	57	Baltimore MD	Princeton, AB '54	banking	33	13
Mercantile Stores/Leon F Winbigler	63	Brookfield MO	Missouri, BS '48	retailing	41	15
Merchants National/Otto N Frenzel III	58	Indianapolis IN	Pennsylvania, BS '54	banking	35	16
Merck/P Roy Vagelos	59	Westfield NJ	Pennsylvania, AB '50/Columbia, MD '54	technical	14	4
Meridian Bancorp/Samuel A McCullough	50	Pittsburgh PA	Pittsburgh, BBA '60	banking	14	11
Meritor Financial/Roger S Hillas	62	Wincote PA	Dartmouth, AB '49/Pennsylvania, MBA '51	banking	1	1
Merrill Lynch/William A Schreyer	61	Williamsport PA	Penn St, BA '48	investment	41	5
Metro Mobile CTS/George L Lindemann	53	New York NY	Pennsylvania, BS '58	administration	7	6
Fred Meyer/Frederick M Stevens	52	Jonesboro AR	Louisiana St, BS '59	retailing	1	1
Michigan National/Robert J Mylod	49	Brooklyn NY	St John's, BA '61	banking	4	4
Microsoft/William H Gates III*	32	Seattle WA		technical	14	8
Middle South Utils/Edwin Lupberger	52	Atlanta GA	Davidson, BA '58/Emory, MBA '63	financial	10	3
Midlantic/Robert Van Buren	64	Plainfield NJ	Washington & Lee, BA '50/NYU, MBA '55	banking	18	12
Millipore/John A Gilmartin	47	Hackensack NJ	Penn St, BA '65/Harvard, MBA '67	financial	10	3
Minn Mining & Mfg/Allen F Jacobson	62	Omaha NE	Iowa St, BS '47	operations	42	3
MNC Financial/Alan P Hoblitzell Jr	57	St Louis MO	Princeton, BS '53	banking	33	6
Mobil/Allen E Murray	60	New York NY	NYU, BS '56	financial	36	3
Molex/Frederick A Krehbiel	47	Hinsdale IL	Lake Forest, BA '63	operations	24	1
Monarch Capital/Gordon N Oakes Jr	48	North Adams MA	Massachusetts, BS '63	banking	6	6
Monsanto/Richard J Mahoney	55	Springfield MA	Massachusetts, BS '55	marketing	27	6
Montana Power/W Paul Schmechel	61	Carrington ND	Montana St, BSEE '53	operations	36	6
Moore Financial/Daniel R Nelson	51	Spokane WA	Washington St, BBA '62	banking	5	3
JP Morgan & Co/Lewis T Preston	62	New York NY	Harvard, BA '51	banking	38	9
Morgan Stanley/S Parker Gilbert	55	New York NY	Yale, BA '56	investment	29	5
Morrison Knudsen/William M Agee	51	Boise ID	Idaho, BS '60/Harvard, MBA '63	financial	1	1
Morton Thiokol/Charles S Locke	60	Laurel MS	Mississippi, BBA '52/Mississippi, MS '55	financial	14	9
Motorola/George M C Fisher	48	Anna IL	Illinois, BS '62/Brown, PhD '66	technical	13	1
Multibank Financial/David B Lynch	62	New York NY	Yale, BA '50/NYU, LLB '55	financial	14	14
Multimedia/Walter E Bartlett	61	Marion OH	Bowling Green, BBA '49	operations	13	5
Murphy Oil/Jack W McNutt	54	Norphlet AR	Harding, BS '56/Columbia, MS '57	financial	32	1
Nalco Chemical/Worley H Clark Jr	56	Big Stone Gap VA	N Carolina St, BS '56	sales	29	7

*Office currently held only by Cecil B. Wright. †Company founder. ‡New CEO. Cross-reference with profile section.

—Salary (000)	Compensation— + bonus— % change	other (000)	stk gains (000)	total (000)	Rank among 800 execs	—Stock owned— %	mkt val (mil)	—Company data[1]— sales (mil)	profits (mil)	Company
$582	4%	$30	—	$612	532	7.07%	$289.7	$3,024	$164.9	MCA
304	11	—	—	304	745	11.44	564.7	311	–297.0	McCaw Cellular
900	13	30	$915	1,845	121	0.07	6.8	5,521	645.9	McDonald's
681	20	4	—	685	484	3.38	108.6	15,072	350.0	McDonnell Doug
1,034	43	192	114	1,341	199	0.15	5.3	1,818	185.5	McGraw-Hill
1,353	160	—	—	1,353	196	1.78	141.2	5,137	356.0	MCI
1,078	133	67	—	1,145	266	0.07	1.0	7,052	97.7	McKesson
450	1	40	—	490	617	0.12	0.0	1,692	–588.0	MCorp
1,180	12	14	2,892	4,087	40	0.07	1.8	4,464	352.7	Mead
594	17	1,518	2,690	4,803	28	0.33	3.0	756	8.8	Media General
569	1	—	617	1,186	249	0.15	1.8	733	95.0	Medtronic
976	1	360	—	1,336	201	0.14	1.3	3,269	–65.0	Mellon Bank
1,073	25	58	—	1,131	273	0.20	9.0	6,780	354.5	Melville
NA	NA	—	—	—	—	‡	§	668	28.7	Mercantile Bncp
694	28	41	—	736	461	0.37	2.0	362	53.4	Mercantile Bkshs
882	7	23	—	904	362	0.22	3.7	2,266	144.5	Mercantile Strs
505	–2	30	—	535	596	8.58	34.9	452	44.1	Merchants Natl
1,608	17	—	4,757	6,365	19	0.04	10.0	5,940	1,206.8	Merck
619	19	26	—	645	504	0.16	1.3	950	86.1	Meridian Bancorp
465	NA	129	—	594	545	0.04	0.1	1,645	–209.8	Meritor Finl
2,500	31	—	—	2,500	70	0.26	7.5	10,547	463.2	Merrill Lynch
387	NA	—	—	387	694	‡	§	67	–40.5	Metro Mobile
475	0	—	—	475**	631	‡	§	2,074	36.7	Fred Meyer
639	35	—	—	639	508	0.06	0.4	1,040	93.2	Michigan Natl
175	0	—	—	175	786	38.10	1,108.4	719	151.4	Microsoft
369	–4	12	—	380	698	‡	0.1	3,565	411.0	Middle South Ut
1,093	16	—	278	1,371	192	0.17	2.8	1,846	222.9	Midlantic
448	17	191	365	1,004	327	0.27	2.3	622	54.5	Millipore
1,081	13	738	347	2,166	92	0.01	1.8	10,581	1,154.0	Minn Mng & Mfg
772	27	429	1,210	2,412	75	0.07	1.0	1,983	170.2	MNC Financial
1,609	25	42	1,196	2,847	54	0.02	4.3	48,198	2,087.0	Mobil
400	NA	116	—	516	605	9.48	81.9	550	56.3	Molex
360	1	16	—	376	702	0.14	0.4	417	22.0	Monarch Capital
1,485	61	193	—	1,678	142	0.07	4.6	8,293	591.0	Monsanto
251	NA	5	9	265	763	0.05	0.4	714	71.9	Montana Power
315	19	—	—	315	737	0.03	0.1	343	25.5	Moore Financial
1,800	45	—	395	2,195	89	0.04	3.0	7,839	1,001.8	JP Morgan & Co
4,425	48	30	—	4,455	35	3.18	66.1	4,109	394.6	Morgan Stanley
450*	NA	398	—	848	395	0.91	4.5	1,909	–127.1	Morrison Knudsen
1,033	11	422	3,230	4,685	29	0.18	3.9	2,461	159.7	Morton Thiokol
657	35	8	210	876	378	0.01	0.6	8,250	445.0	Motorola
377	NA	15	239	631	517	0.48	1.1	383	26.9	Multibank Finl
509	NA	7	1,124	1,639	152	0.79	8.6	440	26.9	Multimedia
381	56	17	—	398	684	0.13	1.6	1,474	38.8	Murphy Oil
893	28	135	—	1,028	315	0.05	0.7	994	106.0	Nalco Chemical

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Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
Nash Finch/Harold B Finch Jr	61	Grand Forks ND	Minnesota, BS '52	technical	23	7
National City/Edward B Brandon	57	Davenport IA	Northwestern, BS '53/Pennsylvania, MBA '56	banking	33	2
Natl Community Bks/Robert M Kossick	48	New Brunswick NJ	Georgia Tech, BS '63/St Mary's, MA '76	banking	10	10
National Intergroup/Howard M Love	59	Pittsburgh PA	Colgate, BA '52/Harvard, MBA '56	operations	33	8
National Medical/Richard K Eamer*	61	Long Beach CA	USC, BS '55/USC, LLB '59	legal	20	20
Natl Semiconductor/Charles E Sporck	61	Saranac Lake NY	Cornell, BS '52	operations	22	22
National Service/Sidney Kirschner	54	Canada	NM Sch Mines, BA '56	technical	16	2
Navistar Intl/James C Cotting	55	Winchester MA	Ohio St, BA '55	financial	10	2
NBD Bancorp/Charles T Fisher III	59	Detroit MI	Georgetown, AB '51/Harvard, MBA '53	banking	31	7
NCNB/Hugh L McColl Jr	53	Bennettsville SC	N Carolina, BS '57	banking	30	6
NCR/Charles E Exley Jr	59	Detroit MI	Wesleyan, BA '52/Columbia, MBA '54	financial	13	6
New England Electric/John W Rowe	44	Dodgeville WI	Wisconsin, BS '67/Wisconsin, JD '70	legal	‡	‡
NY State E&G/James A Carrigg	56	Johnson City NY	Broome Comm, AAS '58	operations	31	1
New York Times/Arthur Ochs Sulzberger	63	New York NY	Columbia, BA '51	journalism	35	26
Newmont Mining/Gordon R Parker	53	Rep of S Africa	Montana C, BS '58/U of Cape Town, MBA '66	operations	30	4
News Corp Ltd/K Rupert Murdoch	58	Australia	Oxford, MA '53	journalism	34	12
Niagara Mohawk Power/William J Donlon	59	Albany NY	Siena, BS '62	marketing	41	1
Nicor/Richard G Cline	54	Chicago IL	Illinois, BS '57	retailing	4	3
NIKE/Philip H Knight*	51	Portland OR	Oregon, BA '59/Stanford, MBA '62	financial	25	25
Nipsco Industries/Edmund A Schroer	61	Hammond IN	Valparaiso, BA '49/Northwestern, JD '52	legal	12	12
Nordstrom/Bruce A Nordstrom†	56	Seattle WA	Washington, BA '56	retailing	34	18
Norfolk Southern/Arnold B McKinnon	61	Goldsboro NC	Duke, LLB '51	legal	38	2
Nortek/Ralph R Papitto*	62	Providence RI	Bryant, BA '47	financial	22	22
Northeast Bancorp/Frank J Kugler Jr	55	Bridgeport CT		banking	30	2
Northeast Savings FA/George P Rutland	56	Tifton GA	Pace, BBA '61	banking	1	1
Northeast Utilities/William B Ellis	48	Vicksburg MS	Carnegie-Mellon, BS '62/Maryland, PhD '66	technical	13	6
No States Power/James J Howard	53	Pittsburgh PA	Pittsburgh, BBA '57/MIT, MS '70	technical	2	2
Northern Trust/Weston R Christopherson	64	Walum ND	North Dakota, BSC '49/North Dakota, JD '51	legal	4	4
Northrop/Thomas V Jones	68	Pomona CA	Stanford, BA '42	technical	36	29
Norton/John M Nelson	57	New York NY	Wesleyan, AB '53/Harvard, MBA '59	administration	30	1
Norwest/Lloyd P Johnson	59	Minneapolis MN	Carleton, BA '52/Stanford, MBA '54	banking	4	4
Nucor/F Kenneth Iverson	63	Downers Grove IL	Cornell, BS '46/Purdue, MS '47	technical	27	24
NWA/Steven G Rothmeier	42	Mankato MN	Notre Dame, BA '68/Chicago, MBA '72	financial	16	4
NWNL/John E Pearson	62	Minneapolis MN	Minnesota, BA '48	sales	36	12
Nynex/Delbert C Staley	64	Hammond IN		operations	43	6
Occidental Petroleum/Armand Hammer	91	New York NY	Columbia, BS '19/Columbia, MD '21	financial	32	32
Ogden/Ralph E Ablon	73	Tupelo MS	Ohio St, BA '38	administration	34	27
Ohio Casualty/Joseph L Marcum	65	Hamilton OH	Antioch, BA '47/Miami of OH, MBA '65	insurance	42	1
Ohio Edison/Justin T Rogers Jr	59	Sandusky OH	Princeton, AB '51/Michigan, JD '54	legal	31	9
Oklahoma G&E/James G Harlow Jr	55	Oklahoma City OK	Oklahoma, BS '57	financial	28	13
Old Kent Financial/John C Canepa	58	Newburyport MA	Harvard, BA '53/NYU, MBA '60	banking	19	7
Old Republic Intl/William R Stover	66	Washington DC		insurance	44	13
Old Stone/Theodore W Barnes	58	Providence RI		banking	41	13
Olin/John W Johnstone Jr	56	Brooklyn NY	Hartwick, BA '54	technical	10	2
Oracle Systems/Lawrence J Ellison*	44	New York NY	Chicago, BS '66/Illinois, MS '68	technical	12	12

†Office jointly held with James F and John N Nordstrom *Company founder ‡New CEO, less than six months service

—Salary (000)	Compensation— + bonus— % change	other (000)	stk gains (000)	total (000)	Rank among 800 execs	—Stock owned— %	mkt val (mil)	—Company data[1]— sales (mil)	profits (mil)	Company
$309	5%	$59	$100	$468	635	1.45%	$3.6	$2,092	$18.2	Nash Finch
905	NA	6	—	911	358	0.04	0.8	2,227	233.2	Natl City
792	21	1,407	—	2,199	88	1.35	5.1	321	42.0	Natl Community
538	2	54	—	592	548	0.11	0.4	2,975	–57.5	Natl Intergroup
1,590	57	349	—	1,939	113	2.66	58.7	3,433	152.4	National Medical
702	60	4	—	706	472	0.75	6.2	2,532	–77.9	Natl Semiconduct
573	23	—	—	573	562	0.12	1.5	1,481	90.2	National Service
717	12	88	—	805	422	0.02	0.3	4,113	236.5	Navistar Intl
1,089	19	—	—	1,089	293	0.29	5.7	2,181	227.2	NBD Bancorp
1,200	184	49	—	1,249	227	0.17	5.2	2,830	252.5	NCNB
1,069	7	5	1,721	2,795	55	0.15	6.3	5,990	439.3	NCR
NA	NA	—	—	—	—	‡	0.0	1,520	–53.8	New England Elec
244	37	1	—	245	773	‡	0.5	1,340	171.5	NY State E&G
662	–8	275	86	1,023	316	0.60	13.6	1,700	167.7	New York Times
832	–8	150	—	982	339	0.05	1.2	500	178.4	Newmont Mining
1,538	0	—	—	1,538**	160	45.84	1,191.5	0	0.0	News Corp Ltd
309	27	8	—	318	736	0.01	0.2	2,800	208.8	Niagara Mohawk
827	32	—	—	827	407	0.20	2.1	1,509	106.1	Nicor
250	NA	10	—	260	768	37.38	501.2	1,519	139.8	NIKE
325	6	27	—	352	716	0.04	0.4	1,524	103.4	Nipsco Inds
454	34	69	180	703	474	6.80	185.8	2,328	123.3	Nordstrom
1,108	38	283	—	1,391	185	0.01	0.8	4,462	635.1	Norfolk Southern
1,231	NA	8	—	1,238	236	14.55	17.2	1,224	13.2	Nortek
376	13	43	83	502	611	0.26	1.1	323	34.6	Northeast Bncp
550*	NA	—	—	550	581	‡	§	716	–12.8	Northeast Svgs
475	8	—	—	475	630	0.01	0.2	2,079	233.9	Northeast Utils
526	–1	20	—	546	586	0.01	0.2	2,006	214.8	No States Power
817	4	537	—	1,354	195	0.49	4.2	1,003	109.3	Northern Trust
681	–37	123	—	804	423	2.21	27.6	5,797	104.2	Northrop
723	24	19	—	742	455	0.07	0.7	1,410	85.2	Norton
1,243	12	49	141	1,432	180	0.09	1.5	2,475	211.2	Norwest
753	374	—	—	753	449	1.11	11.7	1,061	109.4	Nucor
570	23	14	—	584	553	0.10	3.1	5,650	135.1	NWA
518	10	2	—	520	603	0.36	1.5	1,450	33.0	NWNL
1,070	5	80	—	1,150	264	0.02	2.4	12,661	1,315.0	Nynex
2,455	27	188	—	2,643	63	0.45	32.3	19,417	313.0	Occidental Pet
2,058	48	—	2,282	4,340	37	0.66	7.7	946	57.8	Ogden
353	4	10	—	363	711	2.63	24.8	1,576	128.0	Ohio Casualty
375	4	80	—	455	644	‡	0.2	2,143	218.9	Ohio Edison
400	6	18	—	418	670	0.06	0.8	1,098	137.8	Oklahoma G&E
557	8	—	—	557	574	0.48	3.1	726	77.1	Old Kent Finl
298	13	14	522	834	404	0.34	1.5	1,102	50.9	Old Republic
423	20	27	—	450	649	1.40	2.6	468	36.4	Old Stone
759	17	19	507	1,285	215	0.18	1.9	2,308	98.0	Olin
1,363	91	—	—	1,363	194	28.18	477.9	395	56.3	Oracle Systems

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Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
Oryx Energy[†]/Robert P Hauptfuhrer	57	Philadelphia PA	Princeton, BA '53/Harvard, MBA '57	financial	32	1
Outboard Marine/Charles D Strang	68	Brooklyn NY	Polytechnic Inst, BME '43	technical	23	15
Owens-Corning/William W Boeschenstein	63	Chicago IL	Yale, BS '50	marketing	39	16
Paccar/Charles M Pigott	60	Seattle WA	Stanford, BS '51	administration	33	21
Pacific Enterprises/Paul A Miller	64	San Francisco CA	Harvard, BA '46	financial	41	21
Pacific First Finl/Jerry E Pohlman	47	Sibley IA	Iowa, BA '64/Cornell, PhD '70	banking	4	2
Pacific G&E/Richard A Clarke	59	San Francisco CA	Calif Berkeley, AB '52/Calif Berkeley, JD '55	legal	34	3
Pacific Telesis/Sam L Ginn	52	St Clair AL	Auburn, BS '59/Stanford, MBA '68	technical	29	1
PacifiCorp/Al M Gleason	59	Sheraton Cty KS		administration	40	‡
PaineWebber Group/Donald B Marron	54	Goshen NY		investment	30	9
Pall/Abraham Krasnoff	68	Newark NJ	NYU, BS '49	financial	38	20
Pan Am/Thomas G Plaskett	45	Kansas City MO	GMI Inst, BS '66/Harvard, MBA '68	financial	1	1
Panhandle Eastern/Robert D Hunsucker	64	Winchester KS	Washburn, BBA '52	financial	37	6
Parker-Hannifin/Paul G Schloemer	60	Cincinnati OH	Cincinnati, BSME '51/Ohio St, MBA '55	operations	32	5
Penn Central/Carl H Lindner	70	Dayton OH		financial	6	2
JC Penney/William R Howell	53	Claremore OK	Oklahoma, BBA '58	retailing	31	6
Pennsylvania P&L/Robert K Campbell	58	Chicago IL	Ill Tech, BS '52/Loyola, JD '62	technical	12	10
Pennwalt/Edwin E Tuttle	62	Syracuse NY	Haverford, BS '49/Harvard, MBA '51	financial	38	11
Pennzoil/Randal B McDonald	58	El Campo TX	Texas, BBA '52	financial	2	1
People's Bank/David E A Carson	54	England	Michigan, BBA '55	insurance	6	4
Peoples Energy/Eugene A Tracy	61	Oak Park IL	Northwestern, BS '51/DePaul, MBA '58	financial	38	7
PepsiCo/D Wayne Calloway	53	Elkin NC	Wake Forest, BBA '59	financial	22	3
Perkin-Elmer/Horace G McDonell Jr	60	New York NY	Adelphi, AB '52	technical	37	5
Perpetual Financial/Thomas J Owen	54	Washington DC	Williams, BA '57	investment	14	12
Pfizer/Edmund T Pratt Jr	62	Savannah GA	Duke, BS '47/Pennsylvania, MBA '49	financial	25	16
Phelps Dodge/Douglas C Yearley	53	Oak Park IL	Cornell, BS '58	technical	29	‡
PHH Corp/Robert D Kunisch	47	Norwalk CT	NYU, BBA '63	marketing	23	1
Philadelphia Elec/Joseph F Paquette Jr	54	Norwood MA	Yale, BS '56	administration	33	1
Philip Morris Cos/Hamish Maxwell	62	England	Cambridge, BA '49	marketing	35	5
Phillips Petroleum/C J Silas	57	Miami FL	Georgia Tech, BS '53	operations	36	4

PHM Corp/James Grosfeld	51	New York NY	Amherst, BA '59/Columbia, LLB '62	investment	17	15
Pinnacle West/Keith L Turley	65	Mesa AZ	Arizona St, BA '48	administration	37	15
Pioneer Hi-Bred Intl/Thomas N Urban	55	Des Moines IA	Harvard, BA '56/Harvard, MBA '60	administration	29	8
Pitney Bowes/George B Harvey	58	New Haven CT	Pennsylvania, BS '54	financial	32	6
Pittston/Paul W Douglas	62	Springfield MA	Princeton, BA '48	sales	5	5
PNC Financial/Thomas H O'Brien	52	Pittsburgh PA	Notre Dame, BS '58/Harvard, MBA '62	banking	27	4
Polaroid/I MacAllister Booth	57	Atlanta GA	Cornell, BME '55/Cornell, MBA '58	operations	31	3
Portland General/Ken L Harrison	46	Bakersfield CA	Oregon, BS '64/Oregon, MS '66	administration	14	1
Potlatch/Richard B Madden	60	Short Hills NJ	Princeton, BS '51/Michigan, JD '56	financial	18	18
Potomac Electric/W Reid Thompson	64	Durham NC	N Carolina, BS '45/Harvard, LLB '49	legal	18	18

[†]Formerly Sun Exploration ‡New CEO, less than six months' service

—Salary (000)	+ bonus— % change	Compensation— other (000)	stk gains (000)	total (000)	Rank among 800 execs	—Stock owned— %	mkt val (mil)	—Company data[1]— sales (mil)	profits (mil)	Company
$671	NA	$170	—	$841	399	0.06%	$2.0	$1,070	$–305.0	Oryx Energy
1,067	102%	78	$1,480	2,625	65	0.11	0.8	1,653	70.7	Outboard Marine
1,200	20	175	1,170	2,545	67	0.69	7.8	2,831	197.0	Owens-Corning
878	14	16	—	894	369	6.35	110.7	3,267	175.8	Paccar
992	17	181	129	1,302	208	0.07	1.8	5,932	222.0	Pacific Enterpr
391	20	2	—	392	691	0.07	0.1	525	16.0	Pacific First
548	2	13	—	561	569	‡	0.3	7,646	62.1	Pacific G&E
774	45	164	—	938	352	‡	0.5	9,483	1,188.0	Pacific Telesis
504	NA	—	—	504††	610	‡	0.4	3,519	446.7	PacifiCorp
1,250	NA	99	325	1,674	143	1.15	5.7	2,512	42.4	PaineWebber
437	0	152	—	588	550	0.47	5.2	455	58.7	Pall
494	–1	13	—	507	609	‡	§	3,569	–72.7	Pan Am
484	–20	—	—	484	624	0.13	1.7	1,262	–171.9	Panhandle East
765	16	182	1,156	2,103	98	0.11	1.4	2,397	108.4	Parker-Hannifin
615	49	250	—	865	383	31.02	538.0	1,547	103.4	Penn Central
795	–13	275	130	1,200	245	0.04	2.5	15,296	807.0	JC Penney
357	9	2	—	359	714	0.02	0.5	2,214	332.0	Pennsylvania P&L
617	NA	2	402	1,021	317	0.48	4.9	1,024	178.7	Pennwalt
383	9	59	—	442	658	0.06	2.0	2,088	–187.0	Pennzoil
265	NA	135	—	400	683	0.11	0.3	583	36.6	People's Bank
315	NA	10	—	324	731	0.06	0.4	1,134	82.6	Peoples Energy
1,365	20	5	—	1,370	193	0.02	2.9	13,007	762.2	PepsiCo
750	90	—	297	1,047	305	0.11	1.1	1,201	73.4	Perkin-Elmer
537	13	4	—	540	589	2.73	2.8	560	20.4	Perpetual Finl
1,371	10	—	2,376	3,747	43	0.08	8.4	5,385	791.3	Pfizer
580	NA	29	—	609††	534	‡	0.1	2,320	420.2	Phelps Dodge
619	38	—	—	619	526	0.11	0.7	1,717	23.9	PHH Corp
446	24	137	—	583	554	‡	0.1	3,229	566.0	Philadelphia El
1,660	11	—	2,859	4,519	33	0.06	17.7	25,860	2,064.0	Philip Morris
761	4	4	—	765	442	0.08	4.8	11,304	650.0	Phillips Pet

The median total compensation earned by these corporate elite was $845,000 last year, an 11% increase from the median the year before. Looking only at salary plus bonus, the median was $682,000 last year, a 7.2% raise from 1987. Consumer price inflation last year was 4.1%.

1,019	NA	—	—	1,019	319	20.19	69.4	1,173	33.2	PHM Corp
602	–30	3	25	630	520	0.02	0.3	2,155	4.2	Pinnacle West
384	28	—	—	384	695	0.40	4.8	863	80.6	Pioneer Hi-Bred
859	8	327	—	1,185	251	0.14	4.6	2,650	243.4	Pitney Bowes
625	NA	12	—	637	512	0.44	3.4	1,583	36.8	Pittston
925	17	59	—	985	337	0.02	0.7	3,827	442.7	PNC Financial
449	0	337	—	786	431	‡	0.2	1,863	–22.6	Polaroid
336	NA	1	—	337	723	‡	0.0	762	97.3	Portland Genera[1]
789	–9	—	—	789	430	0.17	1.6	1,084	112.4	Potlatch
940	45	11	—	951	350	0.10	2.0	1,350	211.1	Potomac Electric

[1]Sales and profits as reported in the Forbes 500s Annual Directory issue, May 1, 1989. ‡Less than 0.01. §Less than $1,000,000. ††New C.E.O. cash compensation is for another executive office. NA Not available.

Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
PPG Industries/Vincent A Sarni	60	Bayonne NJ	Rhode Island, BS '49	marketing	21	5
Premark Intl/Warren L Batts	56	Norfolk VA	Georgia Tech, BEE '61/Harvard, MBA '63	administration	9	3
Premier Bancorp/G Lee Griffin	50	Leavenworth KS	Texas, BS '60/Louisiana St, MS '62	banking	27	1
Premier Industrial/Morton L Mandel*	67	Cleveland OH		administration	49	49
Price Co/Robert E Price*	46	San Diego CA	Pomona, BA '64	administration	13	13
Prime Computer/Anthony L Craig	43	Ireland	Dalhousie U, BS '66	operations	1	1
Prime Motor Inns/Peter E Simon*	62	Passaic NJ		administration	21	21
Primerica/Sanford I Weill	56	New York NY	Cornell, BA '55	financial	3	3
Procter & Gamble/John G Smale	61	Canada	Miami of OH, BS '49	marketing	37	8
Progressive/Peter B Lewis	55	Cleveland OH	Princeton, AB '55	insurance	34	24
Provident Life & Acc/Winston W Walker	45	Traverse City MI	Tulane, BS '65/Georgia, PhD '69	technical	15	1
PSI Holdings/James E Rogers Jr	41	Birmingham AL	Kentucky, BS '70/Kentucky, JD '74	legal	1	1
Public Service Colo/Delwin D Hock	54	Colorado Spngs CO	Colorado, BS '56	financial	27	1
Public Service NH/John C Duffett	61	Concord NH	U of New Hampshire, BS '51	operations	35	1
Pub Svc Enterprise/E James Ferland	47	Boston MA	Maine, BS '64/New Haven, MBA '76	technical	3	3
Puget Sound Bancorp/William W Philip	62	Tacoma WA		banking	38	17
Puget Sound P&L/John W Ellis	60	Seattle WA	Washington, BS '50/Washington, JD '53	legal	19	13
Quaker Oats/William D Smithburg	50	Chicago IL	DePaul, BS '60/Northwestern, MBA '61	marketing	23	8
Quantum Chemical/John Hoyt Stookey	59	New York NY	Amherst, BA '52/Columbia, MS '54	technical	19	3
Ralston Purina/William P Stiritz	54	Jasper AR	Northwestern, BS '59/St Louis, MA '68	marketing	25	8
Raychem/Paul M Cook*	65	Ridgewood NJ	MIT, BS '47	technical	32	32
Raytheon/Thomas L Phillips	65	Turkey	Virginia Polytech, BS '47/Virginia Poly, MS '48	technical	41	21
Reebok International/Paul B Fireman	45	Cambridge MA	Boston U, 'NA	sales	10	10
Reliance Group/Saul P Steinberg*	49	New York NY	Pennsylvania, BS '61	investment	28	28
Republic New York/Walter H Weiner	58	Brooklyn NY	Michigan, BA '52/Michigan, JD '53	legal	9	9
Rexene/Andrew J Smith	47	NA		sales	5	1
Reynolds Metals/William O Bourke	62	Chicago IL	DePaul, BSC '51	operations	8	3
Riggs National/Joe L Allbritton	64	D'Lo MS	Baylor, LLB '49	financial	8	8
Rite Aid/Alex Grass*	61	Scranton PA	Florida, LLB '49	legal	36	27
Roadway Services/Joseph M Clapp	52	Greensboro NC	N Carolina, BS '58	sales	22	2
Rochester Community/Leonard S Simon	52	Passaic NJ	MIT, BS '58/Columbia, PhD '63	marketing	20	5
Rockwell Intl/Donald R Beall	50	Beaumont CA	San Jose State U, BS '60/Pittsburgh, MBA '61	administration	28	1
Rohm & Haas/J Lawrence Wilson	53	Rosedale MS	Vanderbilt, BE '58/Harvard, MBA '63	financial	24	1
Rorer Group/Robert E Cawthorn	53	England	Cambridge, BS '59	administration	7	4
Rose's Stores/Lucius H Harvin II	50	Boston MA	N Carolina, BA '60/Duke, JD '63	retailing	25	9
Rouse/Mathias J DeVito	58	Trenton NJ	Maryland, LLB '56	legal	21	10
Rubbermaid/Stanley C Gault	63	Wooster OH	Wooster, BA '48	marketing	9	9
Ryder System/M Anthony Burns	46	Las Vegas NV	Brigham Young, BS '64/Calif Berkeley, MBA '65	financial	15	6
Ryland Group/Charles E Peck	63	Newark NJ	Pennsylvania, BS '49	operations	8	7
Safeco/Bruce Maines	62	Tacoma WA	Washington, BS '48/Washington, JD '49	legal	39	3
St Paul Bancorp/Joseph C Scully*	47	Detroit MI	Loyola, BS '62/Loyola, MBA '72	banking	26	7
St Paul Cos/Robert J Haugh	63	Milwaukee WI	Marquette, PhB '46/Marquette, JD '48	insurance	40	5
Salomon/John H Gutfreund	60	New York NY	Oberlin, BA '51	investment	36	5
San Diego G&E/Thomas A Page	56	Niagara Falls NY	Purdue, BS '55/Purdue, MS '63	technical	11	8
Santa Fe Southern/Robert D Krebs	47	Sacramento CA	Stanford, BA '64/Harvard, MBA '66	administration	23	2

*Company founder NA Not available

—Salary (000)	Compensation— + bonus— % change	other (000)	stk gains (000)	total (000)	Rank among 800 execs	—Stock owned— %	mkt val (mil)	—Company data[1]— sales (mil)	profits (mil)	Company
$1,133	29%	$14	—	$1,148	265	0.04%	$1.9	$5,617	$467.6	PPG Industries
1,204	24	37	—	1,242	233	0.48	5.9	2,397	121.2	Premark Intl
278	15	10	—	289	754	0.24	0.3	394	–49.7	Premier Bancorp
375	7	—	—	375	703	19.11	233.5	582	68.8	Premier Inds
230	0	—	—	230	779	2.69	53.2	4,530	107.2	Price Co
333†	NA	14	—	347	718	‡	§	1,595	13.0	Prime Computer
718	1	23	—	740	456	1.86	16.8	286	74.1	Prime Motor Inns
1,292	83	47	—	1,339	200	0.38	7.6	1,004	161.8	Primerica
1,300	5	—	$755	2,055	101	0.03	4.4	20,368	1,128.0	Procter & Gamble
1,299	–19	981	—	2,280	83	17.30	153.3	1,227	108.1	Progressive
264	NA	—	—	264	764	‡	0.0	2,827	91.1	Provident Life
59†	NA	—	—	59	790	‡	§	1,043	116.6	PSI Holdings
244	NA	—	—	244	774	0.01	0.1	1,685	125.0	Public Svc Colo
169	NA	—	—	169	787	‡	0.0	603	55.3	Public Svc NH
466	–6	12	—	477	629	‡	0.2	4,395	528.6	Public Svc Ent
395	25	13	—	408	677	0.98	3.9	395	40.4	Puget Sound Bncp
380	13	3	—	383	696	0.03	0.3	791	128.2	Puget Sound P&L
1,186	19	606	917	2,709	59	0.23	10.1	5,616	259.2	Quaker Oats
1,400	43	46	4,110	5,556	24	0.57	7.3	2,922	382.7	Quantum Chemical
1,029	18	57	11,919	13,005	4	0.98	54.6	6,046	458.1	Ralston Purina
1,000	55	—	—	1,000	330	2.10	23.6	1,103	102.8	Raychem
1,105	10	5	—	1,110	279	0.20	9.3	8,192	489.6	Raytheon
11,439	–26	4	—	11,443	5	14.76	223.3	1,786	137.0	Reebok Intl
4,498	5	—	—	4,498	34	60.51	214.3	5,730	23.6	Reliance Group
724	30	4	—	727	465	0.08	1.0	2,105	169.7	Republic NY
389	NA	7	—	396	687	0.02	0.1	719	129.6	Rexene
1,038	11	23	347	1,408	182	0.07	2.2	5,567	482.0	Reynolds Metals
757	8	—	—	757	447	35.82	120.9	562	37.0	Riggs National
637	21	—	—	637	511	6.30	93.9	2,746	95.3	Rite Aid
445	63	—	—	445	657	0.13	1.5	2,185	80.2	Roadway Services
330	6	18	—	348	717	0.24	0.6	382	18.4	Rochester Commun
1,240	12	721	—	1,961	109	0.14	7.7	12,135	779.0	Rockwell Intl
793	NA	10	218	1,021	318	0.08	1.7	2,535	230.1	Rohm & Haas
699	NA	3	202	904	364	0.11	1.4	1,042	61.8	Rorer Group
358	30	53	—	410	675	3.10	5.9	1,439	16.4	Rose's Stores
821	1	—	—	821	411	1.47	19.1	462	20.0	Rouse
885	4	301	—	1,186	250	0.41	9.2	1,194	99.3	Rubbermaid
915	–8	—	382	1,297	210	0.23	4.4	5,030	134.7	Ryder System
488	NA	322	984	1,794	126	2.08	5.0	0	0.0	Ryland Group
484	10	101	102	686	483	0.06	1.1	2,873	268.6	Safeco
507	13	—	—	507	608	1.79	2.9	292	22.8	St Paul Bancorp
919	8	50	65	1,035	311	0.05	1.3	3,631	352.6	St Paul Cos
4,000	219	1,113	—	5,113	25	0.10	2.9	6,146	280.0	Salomon
524	9	11	—	535	595	0.07	1.5	2,076	189.4	San Diego G&E
1,175	32	4	295	1,473	172	0.06	2.2	3,144	–46.5	Santa Fe Sthrn

[1]Sales and profits as reported in the Forbes 800s Annual Directory issue, May 1, 1989. †Salary not annualized. ‡Less than 0.01%. §Less than $100,000. NA Not available.

Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education—undergraduate	Education—graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
Sara Lee/John H Bryan Jr	52	West Point MS	Rhodes C, BA '58		administration	29	14
Scana/John A Warren	64	Paducah KY	Vanderbilt, BE '48		operations	32	4
SCEcorp/Howard P Allen	63	Upland CA	Pomona, BA '48	Stanford, JD '51	legal	35	5
Schering-Plough/Robert P Luciano	55	New York NY	CUNY City Col, BBA '54	Michigan, JD '58	legal	11	7
Charles Schwab/Charles R Schwab	52	Sacramento CA	Stanford, BA '59	Stanford, MBA '61	financial	15	15
Scott Paper/Philip E Lippincott	53	Camden NJ	Dartmouth, BA '57	Michigan St, MBA '64	operations	30	7
EW Scripps/Lawrence A Leser	54	Cincinnati OH	Xavier, BS '57		financial	21	4
Seagate Technology/Alan F Shugart*	58	Los Angeles CA	Redlands, BS '53		technical	10	10
Seamen's/Robert K Utley III	44	Temple TX	Texas, BBA '67		financial	4	4
Sears, Roebuck/Edward A Brennan	55	Chicago IL	Marquette, BS '55		retailing	33	3

Security Bancorp/Lowell L Peacock	63	Napoleon OH			banking	41	18
Security Capital/Thomas J Gochberg	50	Boston MA	Columbia, BA '64		financial	15	10
Security Pacific/Richard J Flamson III	60	Los Angeles CA	Claremont Mens C, BA '51		banking	34	11
Sequa/Norman E Alexander	74	New York NY	Columbia, BA '34		legal	39	32
Service Merch/Raymond Zimmerman*	56	Memphis TN			retailing	29	16
SFFed Corp/Patrick H Price	61	Coos Bay OR			banking	36	4
Shawmut National/Joel B Alvord	50	Manchester CT	Dartmouth, AB '60	Dartmouth, MBA '61	banking	26	3
Sherwin-Williams/John G Breen	54	Cleveland OH	John Carroll, BS '56	Case Western Res, MBA '61	marketing	10	10
Sigma-Aldrich/Carl T Cori	52	St Louis MO	Wisconsin, BS '59	Washington, PhD '69	technical	19	6
Signet Banking/Frederick Deane Jr	62	Boston MA	Harvard, MBA '51		financial	36	16
SmithKline Beckman/Henry Wendt	55	Neptune City NJ	Princeton, BA '55		marketing	34	7
Snap-on Tools/Marion F Gregory	55	Denison TX			sales	34	1
Society/Robert W Gillespie	45	Cleveland OH	Ohio Wslyn, BA '66	Case Western Res, MBA '68	banking	21	2
Society for Savings/Elliott C Miller	55	Cambridge MA	Harvard, BA '56	Michigan, JD '61	legal	17	10
Sonat/Ronald L Kuehn Jr	54	Queens NY	Fordham, BA '57	Fordham, LLB '64	legal	19	5
Sonoco Products/Charles W Coker Jr	56	Hartsville SC	Princeton, BA '55	Harvard, MBA '57	administration	31	19
South Carolina Natl/James G Lindley	57	Greensboro NC	N Carolina, BS '53	NYU, MBA '60	banking	10	8
Southeast Banking/Charles J Zwick	62	Plantsville CT	Connecticut, BS '50	Harvard, PhD '54	financial	20	10
Southern Company/Edward L Addison	59	Cottageville SC	S Carolina, BEE '50		technical	35	6
So N England Telecom/Walter H Monteith Jr	58	Framingham MA	Amherst, BA '52		sales	35	5
Southmark/Arthur G Weiss	49	Gadsden AL	Alabama, BS '63	Georgia St, MBA '68	financial	8	‡
SouthTrust/Wallace D Malone Jr	52	Dothan AL	Alabama, BS '57	Pennsylvania, MS '59	banking	30	8
Southwest Gas/Kenny C Guinn	52	Garland AL	Cal St Fresno, BA '58	Utah, PhD '60	administration	3	1
Southwestern Bell/Zane E Barnes	67	Marietta OH	Marietta, BS '47		operations	48	14
Southwestern Pub Svc/W R Esler	63	Denison TX	Texas, BSEE '46		technical	41	‡
Sovran Financial/Albert B Gornto Jr	59	Norfolk VA	Old Dominion, BS '56		banking	32	‡
Spiegel/John J Shea	51	Newark NJ	La Salle, BS '59	Pittsburgh, MS '60	marketing	9	4
Springs Industries/Walter Y Elisha	56	Gary IN	Wabash, BA '54	Harvard, MBA '65	administration	9	8
Square D/Jerre L Stead	46	Marquoketa IA	Iowa, BS '65		sales	2	‡
Squibb/Richard M Furlaud	66	New York NY	Princeton, AB '44	Harvard, JD '47	legal	34	23

*Company founder ‡New CEO, less than six months' service

—Salary (000)	Compensation— + bonus— % change	other (000)	stk gains (000)	total (000)	Rank among 800 execs	—Stock owned— %	mkt val (mil)	—Company data[1]— sales (mil)	profits (mil)	Company
$1,367	9%	$286	$5,111	$6,763	15	0.30%	$16.8	$11,206	$376.9	Sara Lee
401	49	16	—	418	671	0.14	1.7	1,083	120.7	Scana
853	14	3	—	856	388	0.01	0.9	6,253	761.8	SCEcorp
1,342	10	64	348	1,754	130	0.03	0.7	2,969	389.8	Schering-Plough
1,003	NA	10	—	1,013	320	27.08	68.7	392	7.4	Schawb
1,238	54	—	522	1,760	129	0.04	1.4	4,726	400.9	Scott Paper
475	NA	10	—	485	623	0.06	0.7	1,214	70.1	EW Scripps
762	–40	—	—	762	445	0.87	5.9	1,351	–5.5	Seagate Tech
323	–31	—	—	323	733	6.18	1.0	436	16.3	Seamen's
1,386	–8	1	501	1,889	117	0.02	3.5	50,251	909.5	Sears, Roebuck

Add all their salary and bonus checks together, and this group of chief executives earned $664 million and took in another $290 million in stock gains. That's a lot of money. But it hardly seems excessive for the people who run companies employing 20 million workers and generating $3.2 trillion in revenues.

277	NA	—	280	557	573	0.19	0.4	274	24.5	Security Bancorp
775	NA	—	—	775	438	7.49	0.0	250	–122.9	Security Capital
1,440	43	20	342	1,801	124	0.08	3.8	8,483	638.9	Security Pacific
1,283	NA	11	—	1,293	211	35.50	236.2	1,713	68.6	Sequa
529	15	—	—	529	599	7.07	87.3	3,093	76.5	Svc Merchandise
381	42	—	—	381	697	0.26	0.3	397	12.8	SFFed Corp
900	31	82	307	1,289	212	0.20	3.8	2,811	242.5	Shawmut National
746	–11	69	—	814	415	0.38	4.7	1,950	101.1	Sherwin-Williams
549	–16	—	—	549	584	0.14	2.4	375	56.5	Sigma-Aldrich
630	6	186	669	1,485	168	0.39	3.7	1,239	152.5	Signet Banking
751	–51	18	—	770	440	0.06	4.2	4,749	229.2	SmithKline
562	27	4	19	585	552	0.03	0.5	855	113.3	Snap-on Tools
553	11	190	401	1,144	267	0.06	0.5	972	100.1	Society
304	1	81	235	619	527	0.79	2.0	427	33.3	Society for Svgs
790	19	48	—	838	402	0.05	0.7	1,392	84.7	Sonat
841	31	—	—	841	398	1.27	19.2	1,600	96.3	Sonoco Products
495	6	87	—	582	555	0.18	0.9	552	54.5	S Carolina Natl
631	2	4	417	1,051	303	0.36	3.0	1,405	75.3	Southeast Bkng
782	49	46	—	828	406	‡	0.5	7,235	846.0	Southern Company
440	–1	12	—	452	646	0.04	0.9	1,583	155.4	So N Eng Telecom
480*	NA	—	—	480	626	‡	§	3,100	–288.2	Southmark
593	10	43	—	636	513	1.13	7.0	626	67.6	SouthTrust
572	NA	—	159	731††	462	0.39	1.4	801	41.2	Southwest Gas
1,551	37	182	—	1,732	132	0.02	2.8	8,453	1,060.1	Sthwestern Bell
274	NA	1	—	275	757	0.02	0.2	791	104.9	Southwestern PS
595	NA	105	—	700	476	0.03	0.7	2,230	243.1	Sovran Financial
787	NA	102	—	889	373	0.02	0.1	1,402	57.0	Spiegel
806	–19	373	—	1,179	254	0.42	3.2	1,825	52.8	Springs Inds
528	NA	4	—	532	597	0.06	0.7	1,657	118.9	Square D
1,542	10	1,096	—	2,638	64	0.23	16.6	2,586	425.5	Squibb

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Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education: undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
Standard Fedl Bank/Thomas R Ricketts	58	Detroit MI	Michigan, BBA '53/Michigan, JD '56	legal	33	15
Stanley Works/Richard H Ayers	46	Newton MA	MIT, BS '65/MIT, MS '65	operations	17	2
Star Banc[1]/Oliver W Waddell	58	Covington KY	Duke, BA '54/Rutgers, JD '69	banking	32	6
State Street Boston/William S Edgerly	62	Lewiston ME	MIT, BS '49/Harvard, MBA '55	financial	14	14
Sterling Chemicals/J Virgil Waggoner	61	Judsonia AK	Ouachita Baptist U, BS '48/Texas, MS '50	technical	3	3
Stone Container/Roger W Stone	54	Chicago IL	Pennsylvania, BS '57	marketing	32	10
Student Loan/Edward A Fox	52	New York NY	Cornell, AB '58/NYU, MBA '63	financial	16	16
Subaru of America/Harvey H Lamm	53	Philadelphia PA		sales	21	14
Sumitomo Bank Calif/Keizo Yoshida	53	Japan	Tokyo, LLB '58	legal	31	2
Summit Bancorp/Thomas D Sayles Jr	57	Newton Ctr MA	Dartmouth, BA '54/NYU, MBA '61	banking	19	16
Sun Company/Robert McClements Jr	60	Philadelphia PA	Drexel, BS '52	technical	24	4
Sun Microsystems/Scott G McNealy*	34	Columbus OH	Harvard, BA '76/Stanford, MBA '80	operations	7	5
Sundstrand/Harry C Stonecipher	53	Scott County TN	Tennessee Tech, BS '60	technical	2	‡
SunTrust Banks/Robert Strickland	62	Atlanta GA	Davidson, BS '48/Atlanta Law, LLB '53	banking	41	13
Sunwest Financial/George S Jenks	62	Australia	Cornell, BA '50	banking	39	8
Super Food Services/Jack Twyman	55	Pittsburgh PA	Cincinnati, BBA '55	administration	19	17
Super Valu Stores/Michael W Wright	50	Minneapolis MN	Minnesota, BA '61/Minnesota, JD '63	legal	12	8
Sysco/John F Woodhouse	58	Wilmington DE	Wesleyan, BA '53/Harvard, MBA '55	financial	20	6
Talman Home Federal/Theodore H Roberts	60	Gillett AR	Northwestern St LA, BA '49/Oklahoma St, MA '50	banking	4	4
Tambrands/Martin F C Emmett	54	South Africa	Witwatersrand, BS '57/Queens U, MBA '62	banking	‡	‡
Tandem Computers/James G Treybig*	48	Clarendon TX	Rice, BS '63/Stanford, MBA '68	administration	15	15
Tandy/John V Roach	50	Stamford TX	Texas Christian, BA '61/Texas Christian, MBA '65	operations	22	8
TCF Financial/William A Cooper	45	Detroit MI	Wayne State, BS '67	financial	4	4
TECO Energy/Hugh L Culbreath	68	Tampa FL	US Naval Acad, BS '44	financial	32	17
Tektronix/David P Friedley	49	Morristown NJ	Cornell, BS '62	marketing	15	2
Tele-Communications/John C Malone	48	Milford CT	Yale, BS '63/Johns Hopkins, PhD '67	administration	16	16
Teledyne/George A Roberts	70	Uniontown PA	Carnegie-Mel, BS '39/Carnegie-Mel, PhD '42	technical	48	3
Temple-Inland/Clifford J Grum	54	Davenport IA	Austin, BA '56/Pennsylvania, MBA '58	financial	21	5
Tenneco/James L Ketelsen	58	Davenport IA	Northwestern, BS '52	financial	30	11
Tesoro Petroleum/Dennis F Juren	54	La Grange TX	Texas, BS '57/Houston, MBA '69	operations	19	1
Texaco/James W Kinnear	61	Pittsburgh PA	US Naval Acad, BS '50	sales	35	2
Texas Air/Francisco A Lorenzo	49	New York NY	Columbia, BA '61/Harvard, MBA '63	financial	17	9
Texas American Bcshs/Joseph M Grant	50	San Antonio TX	Southern Methodist, BBA '60/Texas, PhD '70	banking	14	3
Texas Eastern/Dennis R Hendrix Jr	49	Selmer TN	Tenn Knoxville, BS '62/Georgia St, MBA '67	operations	4	2
Texas Instruments/Jerry R Junkins	51	Fort Madison IA	Iowa St, BS '59/Southern Methodist, MS '68	operations	30	4
Texas Utilities/Jerry Farrington	54	Burkburnett TX	N Texas St, BBA '55/N Texas St, MBA '58	administration	32	2
Texaron/Beverly F Dolan	61	Augusta GA	Georgia, BS '52	operations	35	4
Time Inc/J Richard Munro	58	Syracuse NY	Colgate, BA '57	operations	32	9
Times Mirror/Robert F Erburu	58	Ventura CA	USC, BA '52/Harvard, JD '55	legal	28	8
Timken/William R Timken Jr	50	Canton OH	Stanford, BA '60/Harvard, MBA '62	operations	27	14
Torchmark/Ronald K Richey	62	Erie KS	Washburn, BA '49/Washburn, JD '51	insurance	25	4
Toys "R" Us/Charles Lazarus*	65	Washington DC		administration	33	33
Transamerica/James R Harvey	54	Los Angeles CA	Princeton, BS '56/Calif Berkeley, MBA '63	financial	24	8
Transco Energy/George S Slocum	49	East Orange NJ	Cornell, BA '62/Cornell, MBA '67	administration	11	2
Travelers/Edward H Budd	56	Zanesville OH	Tufts, BS '55	insurance	34	8

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—Salary (000)	Compensation— + bonus— % change	other (000)	stk gains (000)	total (000)	Rank among 800 execs	—Stock owned— %	mkt val (mil)	—Company data[1]— sales (mil)	profits (mil)	Company
$553	20%	—	—	$553	579	0.12%	$0.3	$867	$58.3	Standard Fedl
580	17	—	—	580	558	0.06	0.9	1,909	103.5	Stanley Works
482	17	$5	—	487	621	0.06	0.3	531	55.4	Star Banc
744	13	—	—	744	454	1.31	14.5	897	92.3	State St Boston
1,036	NA	563	$5,782	7,380	14	7.80	60.8	727	227.4	Sterling Chems
1,003	33	179	—	1,182	253	2.81	51.6	3,742	341.8	Stone Container
779	17	410	—	1,189	248	‡	§	2,272	225.1	Student Loan
561	4	—	—	561	570	0.30	1.1	1,584	–70.7	Subaru of Amer
194	0	12	—	206	782	0.16	0.2	339	24.5	Sumitomo Bank
460	12	268	—	728	463	0.58	2.3	329	38.7	Summit Bancorp
1,024	20	29	109	1,162	260	0.02	0.8	8,612	7.0	Sun Company
488	13	—	—	488	620	2.52	16.5	1,462	89.6	Sun Microsystems
480*	NA	67	—	547	585	0.16	1.8	1,477	–50.1	Sundstrand
517	0	177	—	694	478	0.15	4.2	2,889	308.7	SunTrust Banks
316	NA	10	—	326	729	0.24	0.7	287	21.0	Sunwest Finl
559	12	—	—	559	572	1.55	3.0	1,628	15.3	Super Food Svc
670	3	1	208	879	376	0.14	2.7	10,025	129.5	Super Valu Strs
700	114	215	123	1,038	307	0.33	6.9	5,561	96.8	Sysco
600	0	4	—	604	537	4.46	4.0	543	25.6	Talman Home Fedl
NA	NA	—	—	—	—	‡	§	563	85.3	Tambrands
481	–6	—	195	675	492	0.54	8.8	1,425	102.1	Tandem Computers
872	5	84	—	955	347	0.06	2.5	3,992	321.3	Tandy
543	12	—	—	543	587	1.93	1.7	580	12.5	TCF Financial
360	2	25	285	670	493	0.06	0.8	1,034	120.6	TECO Energy
354	0	2	48	404	680	‡	0.0	1,431	–8.6	Tektronix
400	7	15	—	415	673	0.71	41.9	2,134	7.0	Tele-Commun
808	1	—	—	808	419	0.89	35.9	4,598	391.8	Teledyne
804	21	3	—	808	420	0.32	4.8	2,099	199.2	Temple-Inland
1,017	–3	50	—	1,077	295	0.08	5.3	13,234	822.0	Tenneco
384	2	7	58	448	654	0.28	0.5	931	–9.6	Tesoro Petroleum
1,322	83	158	—	1,480	170	0.03	3.6	33,544	1,304.0	Texaco
787	66	21	—	809**	418	0.13	0.6	8,573	–718.6	Texas Air
296	0	4	—	300	747	0.37	0.0	436	–510.3	Texas Am Bcshs
635	13	144	—	779	436	0.03	0.8	3,481	166.9	Texas Eastern
798	17	26	664	1,488	167	0.04	1.2	6,295	366.3	Texas Instrmnts
479	11	11	—	490	616	‡	0.3	4,154	642.7	Texas Utilities
2,066	11	187	—	2,253	85	0.17	4.0	7,286	272.1	Textron
1,288	61	—	6,125	7,413**	13	0.17	11.4	4,507	289.0	Time Inc
1,200	–8	516	—	1,716	134	0.22	10.8	3,259	331.9	Times Mirror
556	80	—	—	556	575	14.24	144.6	1,554	65.9	Timken
805	–13	30	102	936	353	0.54	9.8	1,670	180.1	Torchmark
4,429	23	—	—	4,429	36	0.02	1.2	4,000	268.0	Toys "R" Us
1,300	0	81	—	1,381	189	0.05	1.2	7,879	346.4	Transamerica
563	22	128	—	691	481	0.08	0.9	2,774	–76.8	Transco Energy
840	–4	10	393	1,243	232	0.07	2.7	18,986	103.3	Travelers

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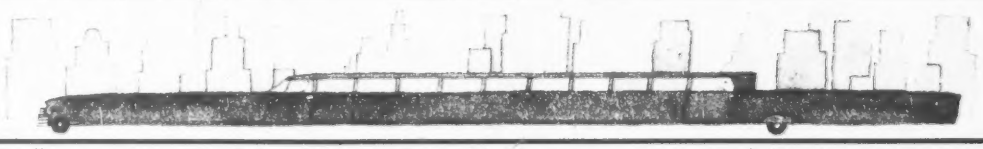
Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
Tribune/Stanton R Cook	63	Chicago IL	Northwestern, BS '49	technical	38	15
Trinova/Darryl F Allen	45	Detroit MI	Michigan St, BA '65/Michigan, MBA '66	financial	17	3
Trustcorp/Chester Devenow	70	Detroit MI	NYU, BA '41	administration	‡	‡
TRW/Joseph T Gorman	52	Rising Sun IN	Kent State U, BA '60/Yale, LLB '62	legal	21	1
Tucson Electric/Einar Greve	61	Norway	Tech Inst of Norway, BSEE '51/MIT, MSEE '53	technical	14	4
Turner Corp/Alfred T McNeill	52	Elizabeth NJ	Lehigh, BS '58	technical	31	‡
TW Services/Frank L Salizzoni	50	Bridgeville PA	Penn St, BS '60/George Washington, MEA '64	financial	22	2
Tyco Laboratories/John F Fort	47	New York NY	Princeton, BS '63/MIT, MS '66	technical	24	6
Tyson Foods/Don Tyson	59	Olathe KS		operations	37	26
UAL/Stephen M Wolf	47	Oakland CA	San Francisco State U, BA '65	operations	1	1
Union Bank/Seishichi Itoh	54	Japan	Osaka, BA '57	banking	17	4
Union Camp/Raymond E Cartledge	59	Pensacola FL	Alabama, BBA '52	sales	33	3
Union Carbide/Robert D Kennedy	56	Pittsburgh PA	Cornell, BME '55	operations	34	3
Union Electric/William E Cornelius	57	Salt Lake UT	Missouri, BS '53	financial	27	5
Union Pacific/Andrew L Lewis Jr	57	Philadelphia PA	Haverford, BS '53/Harvard, MBA '55	administration	3	2
Union Planters/Benjamin W Rawlins Jr	51	Murfreesboro TN	Vanderbilt, BA '61/Georgia St, MBA '69	banking	15	5
Union Texas Petrol/A Clark Johnson	58	Philadelphia PA	Haverford, BA '52/Pennsylvania, MBA '54	marketing	21	5
Unisys/W Michael Blumenthal	63	Germany	Calif Berkeley, BS '51/Princeton, PhD '56	administration	9	9
UA Communications/Stewart D Blair	40	Scotland	U of Glasgow, MA '71	administration	2	2
United Banks of Colo/N Berne Hart	59	Denver CO	Colorado Col, BA '51	banking	35	10
United Brands/Carl H Lindner	70	Dayton OH		financial	5	5
United Cable TV/Gene W Schneider*	62	Enid OK	Texas, BS '49	administration	36	36
United Illuminating/George W Edwards Jr	50	Memphis TN	Arkansas, BS '61	administration	4	4
United Jersey Banks/T Joseph Semrod	52	Oklahoma City OK	Oklahoma, BA '58/Oklahoma, JD '63	banking	8	8
United Missouri Bcsh/R Crosby Kemper	62	Kansas City MO		banking	39	20
US Bancorp/Roger L Breezley	51	Williston ND	North Dakota, BA '60	financial	12	2
US Shoe/Philip G Barach	59	Boston MA	Boston U, BS '51/Harvard, MBA '55	administration	28	21
US Trust/Daniel P Davison	64	New York NY	Yale, BA '49/Harvard, JD '52	banking	10	8
United Technologies/Robert F Daniell	55	Milton MA	Boston U, AS '54	technical	33	3
United Telecom/William T Esrey	49	Philadelphia PA	Denison, BA '61/Harvard, MBA '64	administration	9	4



Universal/Henry H Harrell	49	Richmond VA	Washington & Lee, BA '61	administration	14	1
Unocal/Richard J Stegemeier	61	Alton IL	Missouri, BS '50/Texas A&M, MS '51	technical	38	1
UNUM Corp/James F Orr III	46	Minneapolis MN	Villanova, BS '62/Boston U, MBA '69	banking	3	2
Upjohn/Theodore Cooper	60	Trenton NJ	Georgetown, BS '49/St Louis, PhD '56	technical	9	2
US West/Jack A MacAllister	61	Humeston IA	Iowa, BC '50	administration	39	14
USAir Group/Edwin I Colodny	62	Burlington VT	Harvard, LLB '51	legal	32	14
USF&G/Jack Moseley	57	Birmingham AL	Auburn, BS '53	insurance	36	9
USG/Robert J Day	64	Sharon PA	Penn St, BA '47	sales	39	4
USLife/Gordon E Crosby Jr	68	Remsen IA		marketing	30	23
UST Inc/Louis F Bantle	60	Bridgeport CT	Syracuse, BS '51	marketing	27	16

*Company founder ‡New CEO, less than six months' service

—Salary (000)	Compensation: bonus— % change	other (000)	stk gains (000)	total (000)	Rank among 800 execs	Stock owned: %	mkt val (mil)	Company data[1]: sales (mil)	profits (mil)	Company
$1,064	15%	$28	$4,789	$5,881	20	0.48%	$16.1	$2,335	$210.4	Tribune
793	3	—	—	793	428	0.07	0.6	1,919	87.8	Trinova
NA	NA	—	—	—	—	‡	§	570	24.9	Trustcorp
818	NA	27	274	1,118	278	0.06	1.5	6,982	260.6	TRW
649	98	7	574	1,230	238	0.19	1.6	543	128.9	Tucson Electric
285	NA	—	—	285††	755	0.44	0.3	3,196	3.7	Turner Corp
473	–19	4	—	478	628	0.11	1.8	3,574	53.7	TW Services
930	NA	2,411	—	3,340	48	1.05	13.8	1,792	82.0	Tyco Labs
2,568	–25	43	—	2,612	66	18.84	207.4	2,001	83.5	Tyson Foods
575	0	59	5,790	6,423	17	‡	§	8,982	1,124.3	UAL
342	31	37	—	379	700	0.02	0.1	787	60.2	Union Bank
792	20	14	—	806	421	0.02	0.6	2,661	295.1	Union Camp
1,396	40	7	2,217	3,620	44	0.05	2.3	8,324	662.0	Union Carbide
465	0	2	—	467	637	0.02	0.4	2,029	291.6	Union Electric
1,350	13	127	—	1,477	171	0.02	1.7	6,068	644.0	Union Pacific
424	–6	13	—	437	664	0.34	0.7	327	25.6	Union Planters
734	NA	37	—	770	439	0.41	4.5	1,073	109.3	Union Texas Pet
1,275	0	388	—	1,663	146	0.03	1.2	9,902	680.6	Unisys
295	0	—	—	295	750	0.01	0.1	842	2.3	UA Commun
398	33	10	—	408	678	0.28	0.7	569	9.0	Utd Banks Colo
400	–43	3	—	403	681	36.98	207.5	3,503	60.4	United Brands
451	12	4	2,692	3,147	51	2.33	39.9	284	0.3	United Cable TV
308	15	—	—	308	742	0.08	0.3	519	78.6	United Illum
802	14	190	—	992	333	0.15	1.6	1,032	116.1	United Jersey
451	7	33	79	563	567	16.02	34.7	334	34.5	United Missouri
449	17	155	—	604	536	0.07	0.7	1,381	123.9	US Bancorp
600	24	1,731	—	2,331**	81	0.29	2.3	2,274	5.3	US Shoe
628	NA	2,238	967	3,833	41	6.61	2.5	362	30.6	US Trust
1,148	6	92	—	1,240	235	0.03	1.6	18,000	659.1	United Technol
931	46	—	—	931	354	0.02	0.9	6,493	508.9	United Telecom

We're not sure what this means, but more chief executives were born in New York (78 of them, including 19 from Brooklyn) than any other city. Other popular chief executive birthplaces are Chicago (30) and Philadelphia (19).

379	NA	10	—	389††	693	0.10	0.6	2,705	62.5	Universal
878	NA	272	—	1,151	263	0.05	2.6	8,853	24.0	Unocal
780	63	2	—	782	434	0.05	0.6	2,199	134.8	UNUM Corp
1,006	25	11	634	1,651	148	0.07	3.6	2,754	353.4	Upjohn
1,299	51	28	1,021	2,347	78	0.03	3.6	9,221	1,131.7	US West
631	4	473	156	1,260	221	0.28	5.4	5,707	165.0	USAir Group
910	4	274	—	1,184	252	0.02	0.6	5,582	231.5	USF&G
1,000	20	6	—	1,006	325	1.26	4.0	2,248	125.4	USG
866	13	—	228	1,093	291	0.47	3.3	1,279	70.9	USLife
1,725	12	15	430	2,170	91	0.94	25.3	607	162.2	UST Inc

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Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education—undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
USX/David M Roderick	65	Pittsburgh PA	Pittsburgh, BS '56	financial	36	10
Valhi/Harold C Simmons	58	Alba TX	Texas, BA '51/Texas, MA '52	investment	7	2
Valley Bancorp/Peter M Platten III	49	Green Bay WI	Wisconsin, BBA '62	banking	24	‡
Valley Federal S&L/Dan E Nelms	43	Lake City AR		banking	6	1
Valley National/James P Simmons	64	Wichita Falls TX	Harvard, MBA '47	banking	1	1
VF/Lawrence R Pugh	56	White Plains NY	Colby, BBA '56	marketing	9	7
Viacom/Frank J Biondi Jr	44	New York NY	Princeton, BA '66/Harvard, MBA '68	administration	2	2
Vista Chemical/John D Burns*	56	Houston TX	Rice, BS '56/Harvard, PMD '73	technical	34	5
Vons Cos/Roger E Stangeland	59	Chicago IL	Illinois, BS '51	retailing	29	5
Vulcan Materials/Herbert A Sklenar	57	Omaha NE	Nebr Omaha, BS '52/Harvard, MBA '54	financial	17	3
Wal-Mart Stores/David D Glass	53	Mountainview MO	SW Missouri St, BS '59	financial	13	1
Walgreen/Charles R Walgreen III	53	Chicago IL	Michigan, BS '58	operations	37	18
Wang Laboratories/An Wang*	69	China	Chiao Tung, BS '40/Harvard, PhD '48	technical	38	38
Warner Commun/Steven J Ross	61	Brooklyn NY		financial	27	27
Warner-Lambert/Joseph D Williams	62	Washington PA	Nebr Lincoln, BS '50	marketing	39	4
Washington Mutual/Louis H Pepper	64	Libertyville IL	Wisconsin, BA '50/Wisconsin, JD '51	legal	8	8
Washington National/Robert W Patin	46	Pittsburgh PA	Muskingum C, BA '64	insurance	1	1
Washington Post/Katharine Graham	71	New York NY	Chicago, AB '38	administration	26	16
Waste Management/Dean L Buntrock*	57	Columbia SD	St Olaf, BA '55	administration	33	21
Weis Markets/Sigfried Weis	73	Selinsgrove PA	Yale, BA '38	retailing	51	29
Wells Fargo/Carl E Reichardt	57	Houston TX	USC, BA '56	banking	19	6
Western Capital Inv/Junius F Baxter	65	Topeka KS	Missouri, BA '46/Stanford, MBA '47	banking	39	21
Western S&L/Robert W Stallings	40	Malden MO		banking	‡	‡
Westinghouse/John C Marous	63	Pittsburgh PA	Pittsburgh, BS '47/Pittsburgh, MS '49	technical	40	1
Westvaco/John A Luke	63	Tyrone PA	Yale, BA '48	operations	40	1
Wetterau/Ted C Wetterau	61	St Louis MO	Westminster, BA '52	marketing	37	19
Weyerhaeuser/George H Weyerhaeuser	62	Seattle WA	Yale, BS '49	operations	40	23
Wheeling-Pittsburgh/Wm J Scharffenberger	68	New York NY	Columbia, BS '42	financial	2	2
Whirlpool/David R Whitwam	47	Stanley WI	Wisconsin, BS '67	marketing	21	2
Whitman/Karl D Bays	55	Loyall KY	Eastern Kentucky, BA '55/Indiana, MBA '58	operations	2	2
Whitney Holding/Patrick A Delaney	56	New Orleans LA		banking	35	12
Willamette Inds/William Swindells	58	Oakland CA	Stanford, BS '53	operations	36	7
Williams Cos/Joseph H Williams	55	Tulsa OK	Yale, BA '56	operations	30	10
Wilmington Trust/Bernard J Taylor II	63	Philadelphia PA	Pennsylvania, BS '49	banking	10	10
Winn-Dixie Stores/A Dano Davis	43	New Rochelle NY		retailing	21	7
Wisconsin Energy/Charles S McNeer	63	Gilbert WV	Northwestern, BS '50	technical	39	14
Witco/William Wishnick	64	Brooklyn NY	Texas, BBA '49	administration	47	18
FW Woolworth/Harold E Sells	60	Ozark AR		retailing	44	2
Worthington Inds/John H McConnell*	66	N Manchester WV	Michigan, BA '49	marketing	34	34
Wm Wrigley Jr/William Wrigley	56	Chicago IL	Yale, BA '54	marketing	33	28
Xerox/David T Kearns	58	Rochester NY	Rochester, BS '52	sales	18	7
Yellow Freight Sys/George E Powell Jr	62	Kansas City MO		administration	37	21
Zayre/Maurice Segall	60	Canada	McGill, BA '50/Columbia, MA '52	retailing	11	11
Zenith Electronics/Jerry K Pearlman	50	Des Moines IA	Princeton, AB '60/Harvard, MBA '62	financial	18	6
Zions Bancorporation/Roy W Simmons	73	Portland OR		banking	35	24

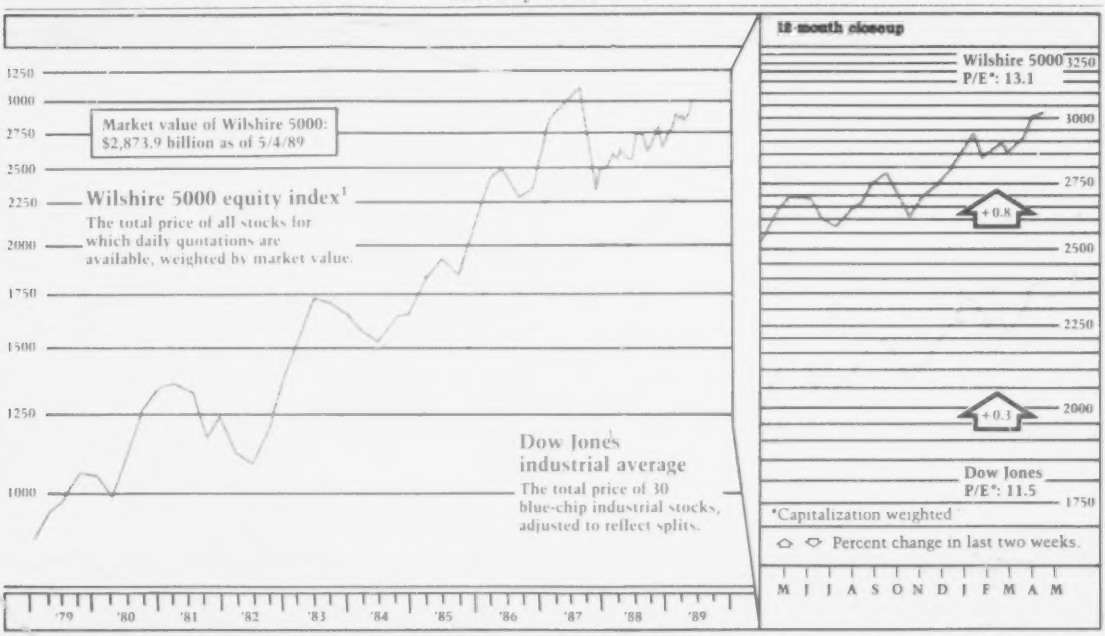
*Company founder ‡New CEO; Forbes has no tenure records

Compensation					Rank	Stock owned		Company data[1]		
—Salary (000)	+ bonus— % change	other (000)	stk gains (000)	total (000)	among 800 execs	%	mkt val (mil)	sales (mil)	profits (mil)	Company
$1,961	NA	—	—	$1,961	108	0.01%	$1.0	$15,792	$756.0	USX
1,323	125%	—	—	1,323	204	0.07	1.1	2,252	80.6	Valhi
250	NA	$9	—	259	769	0.64	1.9	275	26.5	Valley Bancorp
291	80	—	—	291	753	0.05	0.0	333	–3.0	Valley Fedl S&L
594	0	2	—	596	543	0.08	0.4	1,147	62.3	Valley National
985	–8	—	—	985	336	0.05	1.0	2,516	173.7	VF
1,500	0	—	—	1,500	164	‡	$	2,259	–123.1	Viacom
676	NA	16	—	692	479	0.65	5.6	794	123.8	Vista Chemical
597	10	60	—	657	499	2.86	18.9	3,917	–23.9	Vons Cos
708	9	39	$244	990	335	0.22	16.1	1,053	136.0	Vulcan Materials
510	5	26	—	536**	594	0.16	31.0	20,649	837.2	Wal-Mart Stores
648	10	272	—	920	356	0.68	15.7	4,980	135.0	Walgreen
511	30	—	181	692	480	12.88	163.7	3,075	50.3	Wang Labs
4,481	43	861	8,822	14,164**	2	0.66	40.1	4,206	423.2	Warner Commun
1,310	13	245	4,862	6,417	18	0.01	0.6	3,908	340.3	Warner-Lambert
413	3	150	77	639	507	0.22	0.5	584	37.3	Washington Mutl
188	NA	—	—	188	784	0.07	0.2	964	–24.8	Washington Natl
653	–4	792	—	1,445	176	12.04	364.1	1,368	269.1	Washington Post
1,400	8	181	7,002	8,584	12	0.74	79.0	3,566	464.2	Waste Management
397	6	16	—	413	674	32.72	453.0	1,189	82.6	Weis Markets
1,330	17	79	1,034	2,443	72	0.25	9.7	4,853	486.7	Wells Fargo
416	–1	—	—	416	672	0.77	0.7	347	–2.8	Western Capital
450*	NA	—	—	450	650	‡	$	513	–151.7	Western S&L
1,408	44	257	—	1,665	145	‡	0.7	12,500	822.8	Westinghouse
717	NA	43	762	1,522	161	0.35	7.1	2,187	211.4	Westvaco
783	20	30	3,428	4,240	39	5.00	29.8	4,850	42.0	Wetterau
1,100	19	9	—	1,109	281	1.19	69.8	10,004	564.4	Weyerhaeuser
300	50	—	—	300	747	‡	$	1,103	178.8	Wheeling-Pitt
563	21	—	12	576	560	0.02	0.3	4,315	94.1	Whirlpool
1,155	78	281	—	1,436	178	0.32	10.7	3,583	209.8	Whitman
425	0	21	—	446	655	0.17	0.6	226	25.8	Whitney Holding
463	9	15	—	478	627	7.15	84.4	1,716	161.1	Willamette Inds
836	–1	17	102	955	348	0.33	4.0	1,673	98.0	Williams Cos
638	12	11	1,784	2,433	73	0.52	3.3	313	51.8	Wilmington Trust
468	3	20	—	488	618	2.30	44.2	9,088	128.3	Winn-Dixie Strs
427	11	14	—	441	660	0.04	0.8	1,541	183.2	Wisconsin Energy
645	17	—	391	1,035	309	2.01	16.4	1,586	71.6	Witco
1,062	33	771	—	1,833**	122	0.05	1.7	8,088	288.0	FW Woolworth
514	NA	23	121	658	498	14.24	125.2	986	62.8	Worthington Inds
612	10	—	—	612	533	17.50	288.4	891	87.2	Wm Wrigley Jr
901	–21	315	648	1,865	119	0.04	2.7	16,441	387.9	Xerox
693	7	22	—	715	469	3.07	23.1	2,016	69.0	Yellow Freight
700	6	2	—	702**	475	0.41	5.9	1,921	–167.8	Zayre
622	43	—	—	622	525	0.19	0.9	2,686	5.3	Zenith Elec
188	–25	3	—	191	783	8.86	13.2	281	–17.9	Zions Bancorp

[1]Sales and profits as reported in the Forbes 500s Annual Directory issue May 1, 1989. *Annualized salary. —Less than 0.01. ‡Less than $100,000. **Prior year data. ††New CEO. Cash compensation is for another executive office. NA=Not available.

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Up against a wall. Since peaking at 2419 on Apr. 27, the Dow declined in eight of the last ten trading days but still managed to finish the two-week period ending May 4 with a slight gain. Nevertheless, there are signs—for contrarians—that the current rally may have run its course. For example, according to the *Investor's Intelligence* weekly poll of money managers and market newsletter editors, bearishness is at a 12-month low in that only one in three advisers is gloomy about the market's prospects. The current reading is in sharp contrast to last December's result from the New Rochelle, N.Y.-based firm, when 55% of advisers were bearish. Another contrary indicator, the Chicago Board Options Exchange put/call ratio, shows a high degree of bullishness. This ratio is at 28%, indicating that investors are buying many more calls than puts.

The Wilshire index, which measures the market value of all traded stocks, once again exceeds $3 trillion. At its August 1987 peak the Wilshire hit $3.3 trillion.

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	4.2	4.1	4.1	3.7	4.8	5.2
in last 52 weeks	17.6	17.4	18.1	17.5	14.4	13.1

Stock performance based on six key investor yardsticks[3]

Percent change	Company size		Volatility[4]		P/E multiple		Dividend yield		Growth profile[5]		Share price	
	large	small	high	low	over 21	under 8	over 4.5%	none	high	low	over $34	under $4
in last 4 weeks	4.2	6.1	5.2	2.4	4.6	3.0	1.8	4.4	5.1	3.3	4.2	2.6
in last 52 weeks	20.2	17.7	11.5	8.5	24.9	12.7	3.4	17.7	12.6	14.8	23.0	–1.2

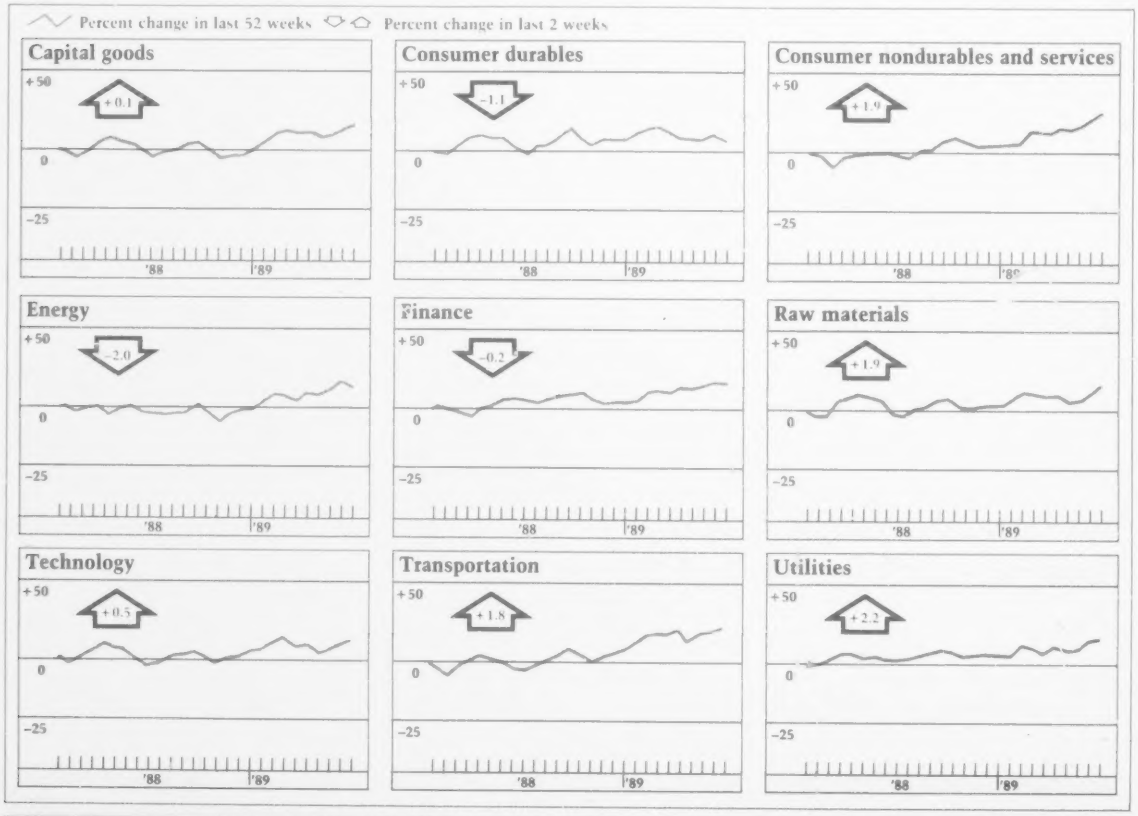
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. [2]Based on sales. [3]Equal weighted indices containing all shares with market capitalizations over $10 million. [4]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations; low-volatility issues are more stable. [5]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 5/4/89. Prepared by Wilshire Associates, Santa Monica, Calif.

Where the Action Is

Oil stocks slid backward in response to weakening oil prices. While six of the nine Wilshire sectors advanced over the last two weeks, the energy group fell 2%. Texas Eastern, Amerada Hess and American Barrick Resources all posted declines of more than 5%. Utility issues, led by U.S. Cellular, Contel Cellular and McCaw Cellular, were the best-performing group over the last two weeks.

By playing hard to get, Citizens & Southern thwarted NCNB's takeover attempt, but its stock took it on the chin when the deal fell through. The Atlanta, Ga.-based regional bank dropped by more than 15% when NCNB changed its mind and thought better of pursuing Citizens in a hostile manner. As a result, NCNB advanced 12% for the two-week period.



What the Analysts Think

Technology's trailing edge. Security analysts scaled back their 1989 forecasts for six of the nine Wilshire sectors, with technology stocks showing the sharpest estimate cuts over the last two weeks. Among the firms in this group with lower estimates: Frequency Electronics, Io-'mega Corp., Radiation Systems and Wang Labs.

Forecasting the Forbes Sales 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.34	12.5
1989 estimates	3.87	10.8
1990 estimates	4.21	9.9

Rank based on change in estimate	Sector	Estimated 1989 EPS	Estimated 1989 P/E	% change in 1989 estimate in 2 weeks	% change in 1989 estimate in 4 weeks
1	Raw materials	$3.45	9.3	0.38%	0.48%
2	Energy	3.31	11.8	0.34	0.59
3	Capital goods	3.00	12.8	0.33	0.37
4	Consumer nondurables	2.73	14.0	-0.13	-0.39
5	Utilities	3.05	10.7	-0.23	-0.29
6	Finance	3.73	8.5	-0.27	-0.66
7	Consumer durables	4.25	10.1	-0.43	-2.34
8	Transportation	2.84	10.8	-0.59	0.66
9	Technology	3.09	11.4	-0.82	-1.57

Earnings projections are capitalization-weighted consensus estimates from over 3,000 security analysts. Data are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 5/4/89. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.

Wall Street is paying too much attention to pharmaceutical products on the come and not enough to the here and now.

Wrong medicine

By Evan Starza and Douglas Kortrey

If you listened to the bulls on Upjohn in 1987, you probably thought its Rogaine baldness treatment was just about the most important drug since aspirin. The stock vaulted to 35 times earnings before Rogaine gained approval for sale in the U.S. But now, nine months after Rogaine's release, sales are below expectations. Upjohn's stock is down 43% from its August 1987 peak.

It happens all the time in the drug business. Not quite eight years ago (Forbes, *Sept. 14, 1981*) we listed analysts' picks of the most promising wonder drugs in the pipeline. Half of the eight would-be blockbusters turned out to be clunkers, including SmithKline's Auranofin for arthritis, Sterling's Inoclor for cardiac failure, and Lilly's antibiotic Moxalactam. Each was expected to yield around $500 million in sales. In fact, they haven't even reached $200 million combined.

Yet stock prices rose and fell on speculation over these drugs.

There's a valuable lesson here for investors. The pharmaceutical industry as a whole has good prospects. It stands to prosper from an aging population and expanding federal and private medical insurance. There is also the takeover angle. And the number of big players in the business is fairly limited: There are now only 12 domestic players with revenues over $1 billion.

Under these circumstances the industry is attractive, not on wild hopes for wonder drugs, but for its everyday products. Which drug stocks look the cheapest? The following table provides some insight here. It ranks the 12 largest drug firms by the total-price-to-sales ratio. (To get this figure, we added each company's total debt to its common stock market value to get a total price, then divided by sales.)

Merck is at one extreme; it will cost you $4.56 to get a dollar's worth of sales there. At Upjohn the price is just less than half that. The stock market is rewarding Merck for its supposed superiority in research and development—for its future blockbusters, that is. But that, as history seems to show, is a weak reed for stock prices.

Of course, Merck's profit margin is also fatter than Upjohn's, but time could alter this relationship. In what is clearly a growth industry, Upjohn stock looks cheap. ■

Just say no

Overpriced drug companies can be harmful to an investor's health. The 12 largest drug companies in the U.S. are ranked below on their total-price-to-sales ratios. (Total PSR is explained above.) Merck and Syntex have the highest profit margins, but even so, their price-to-sales ratios leave little room for disappointment.

Company	Price: recent	Price: 52-week change	Market value ($mil)	Total debt ($mil)	Sales: total ($mil)	Sales: % drugs	Price to: earnings	Price to: cash flow	Net profit margin	Total PSR
Warner-Lambert	87	33%	$5,899	$512	$4,000	31%	16.5	13.5	8.9%	1.60
Rorer Group	40	30	1,268	533	1,064	100	20.0	10.7	6.0	1.69
SmithKline Beckman	62	18	7,707	1,208	4,828	54	40.0	17.1	4.0	1.85
Pfizer	62½	16	10,525	964	5,524	64	13.0	10.7	14.7	2.08
Upjohn	30⅛	6	5,652	474	2,839	81	15.7	12.4	12.7	2.16
Bristol-Myers	48⅞	24	14,076	389	6,055	42	16.5	14.7	14.1	2.39
American Home Products	93⅛	24	13,606	20	5,608	47	14.2	12.7	17.1	2.43
Schering-Plough	66⅛	38	7,454	1,002	3,049	74	18.0	14.9	13.6	2.77
Squibb	77⅜	29	7,598	260	2,652	86	17.2	15.7	16.7	2.96
Eli Lilly	54⅛	35	15,455	604	4,223	44	19.0	16.0	19.2	3.80
Syntex	46⅛	36	5,426	271	1,336	90	17.0	15.6	23.9	4.26
Merck	67⅜	30	26,694	1,018	6,074	92	20.9	18.9	21.0	4.56

Sources: Value Line and Media General Database Services [illegible]

C3950-1

WHATEVER HAPPENED TO THE WILLIAM MORRIS AGENCY?

FORECAST FOR NATURAL GAS— BETTER TIMES, BUT NO BOOM

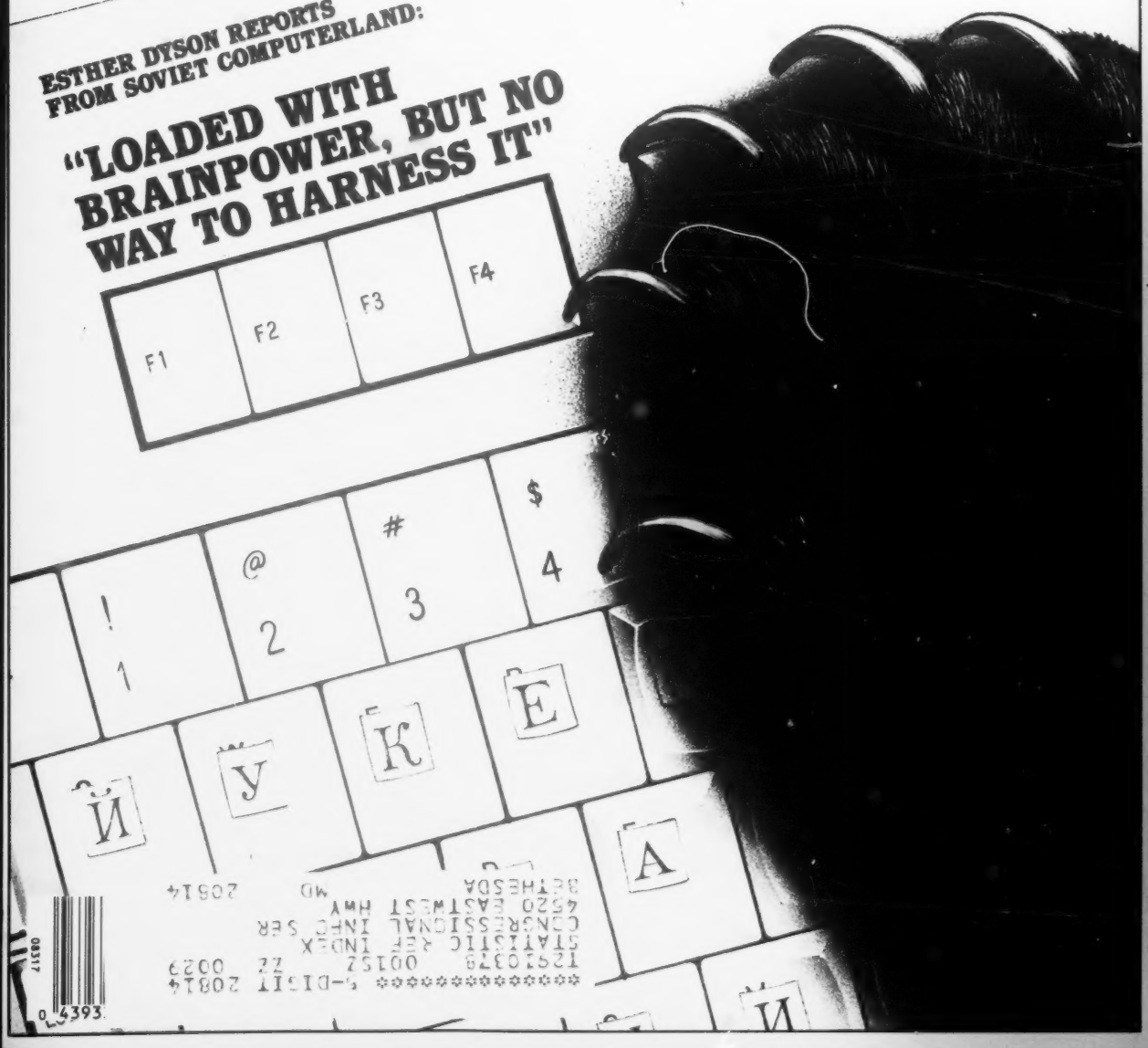
JUNE 12, 1989

THREE DOLLARS SEVENTY-FIVE CENTS

Forbes

ESTHER DYSON REPORTS FROM SOVIET COMPUTERLAND:

"LOADED WITH BRAINPOWER, BUT NO WAY TO HARNESS IT"



Cover illustration by Tommy Soloski

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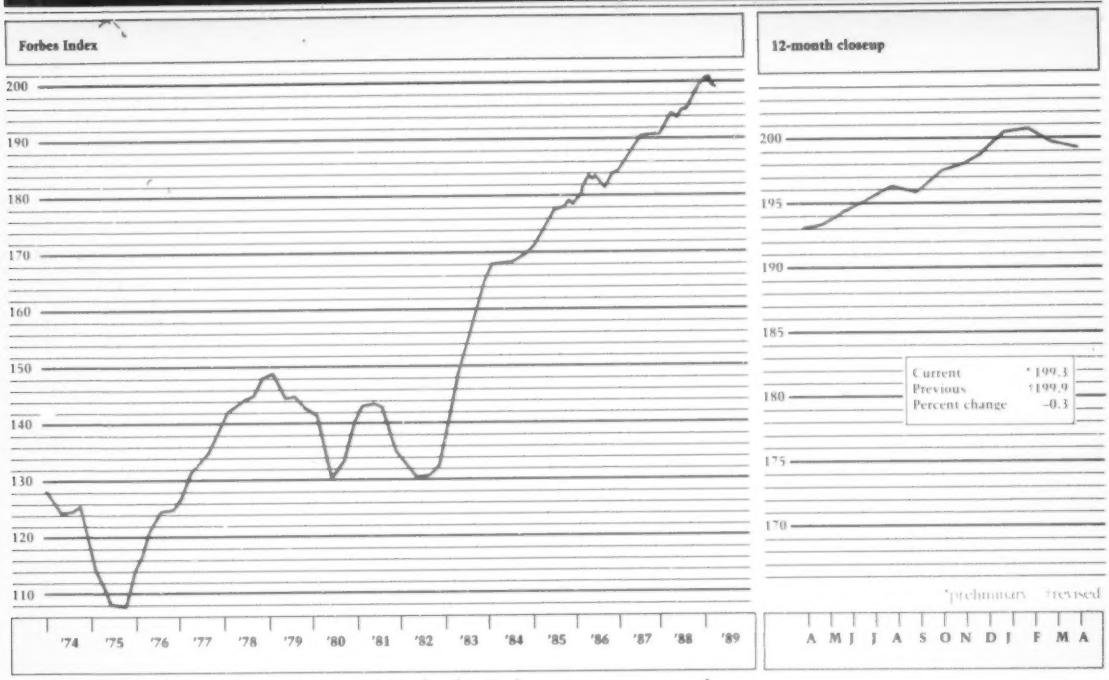
The Forbes Index



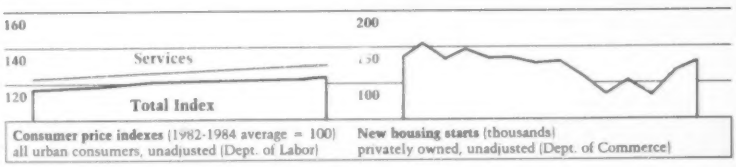
Spring slump. After declining 0.4% in March, the Forbes Index went down another 0.3% in April, according to a preliminary reading. A sharp jump in retail gasoline costs helped push up the Consumer Price Index 0.7% in April, the sharpest rise in seven months. This increase, coupled with a similar gain in the wholesale index, nevertheless failed to boost prices of traditional inflation hedges like precious metals.

New housing starts totaled 131,100 in April, 12.6% above the revised March total. In the first four months of 1989, new housing starts were 3.8% lower than the comparable 1988 figure and 14.8% below the level for the same period two years ago. New unemployment claims fell 7%, to 300,300 in April.

The Forbes Index Components

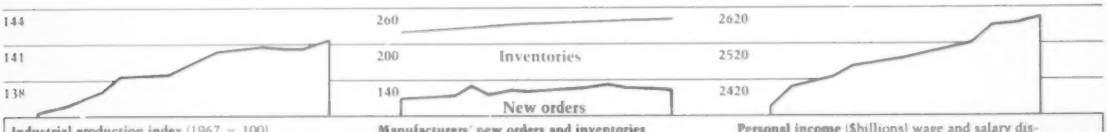
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, Forbes monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Consumer price indexes (1982-1984 average = 100) all urban consumers, unadjusted (Dept. of Labor)

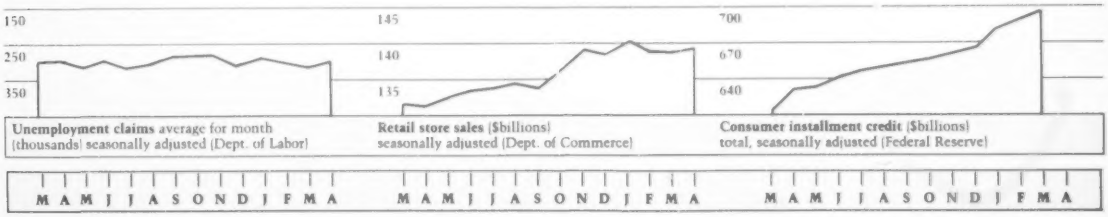
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)

Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)

Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)

Retail store sales ($billions) seasonally adjusted (Dept. of Commerce)

Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

Will freer markets allow Japanese carmakers to colonize Europe as they colonized the U.S.? More likely, GM and Ford will be bigger winners on the continent.

Don't tread on us—please

By Jerry Flint

When Western Europe's internal trade barriers come down at the end of 1992, which companies will benefit? In most industries the largest, most aggressive European firms are expected to dominate. But in the car business it is a different story. Europeans fear Japanese automakers will win the day by assembling made-in-Japan parts in subsidized European plants. "This we must prevent happening at all costs," says Cesare Romiti, Fiat Group managing director.

But the Europeans might be looking in the wrong direction. Whatever happens to the Japanese, the American carmakers in Europe—General Motors and Ford—are likely to end up winners as the trade barricades come down. That's because GM and Ford—and Volkswagen, too—already are, in effect, pan-European in approach, compared with more narrowly based competitors such as Fiat of Italy and Renault and Peugeot in France.

Each of the two U.S. companies, with factories in the U.K., Germany, Belgium, Spain and France, accounts for about 11% of Western Europe's car market *(see table)*. As trade barriers fall, "the Americans and the Japanese should gain," says François Castaing, Chrysler's chief engineer, who once worked at Renault.

Italy, because it is so dominated by Fiat, which holds more than 60% of the local market, could be a particularly attractive target. "Italy is one of the highest-margin markets in Europe, the most attractive for the others to attempt to gain a foothold," says Michael Hammes, Chrysler's vice president of international operations. "But it's naive to think that all the barriers will come down in a year. Figure four to six years, a gradual process."

GM is certainly optimistic. Despite fears of excess auto capacity afflicting Europe as the Japanese build plants, GM right now is considering reopening an assembly plant in Belgium to expand its European capacity.

"We think more pan-European than any of our competitors," says Andrew Napier, who heads Ford-Europe's 1992 task force. "We're not going to get it handed to us on a platter, but 1992 will be a good opportunity for us."

The profit potential is huge. Overall, the European car business produced $8 billion to $10 billion in profits for manufacturers the past two years. The Americans are doing especially well (Forbes, *Mar. 20*). Last year alone GM reported profits of $1.8 billion in Europe, Ford $1.6 billion. Both set first-quarter profit records in Europe as well.

Now Chrysler is angling for a small slice of the European action, increasing exports from North America and planning small European assembly plants. One will make 100,000 small Jeep-type vehicles in a joint venture with Renault, while a second plant—still under consideration—might churn out up to 125,000 Jeep station wagons or minivans a year.

Will the Europeans complain about the Americans as they have been about the Japanese plans? Not likely. Unlike the Japanese, the U.S. has given European auto companies a fair shot at the U.S. market. Just look at all the BMWs and Mercedes on American highways. What's more, the Yanks actually design and build their cars in Europe, much more so than the Japanese plan to do. At any rate, the Europeans must be at pains to prove the Common Market is not a closed market, and they would be hard put thus to discriminate against the already well-established U.S. companies. ■

A world to win

Strong at home, Fiat, Renault and Peugeot could be more vulnerable when Europe's trade barriers fall.

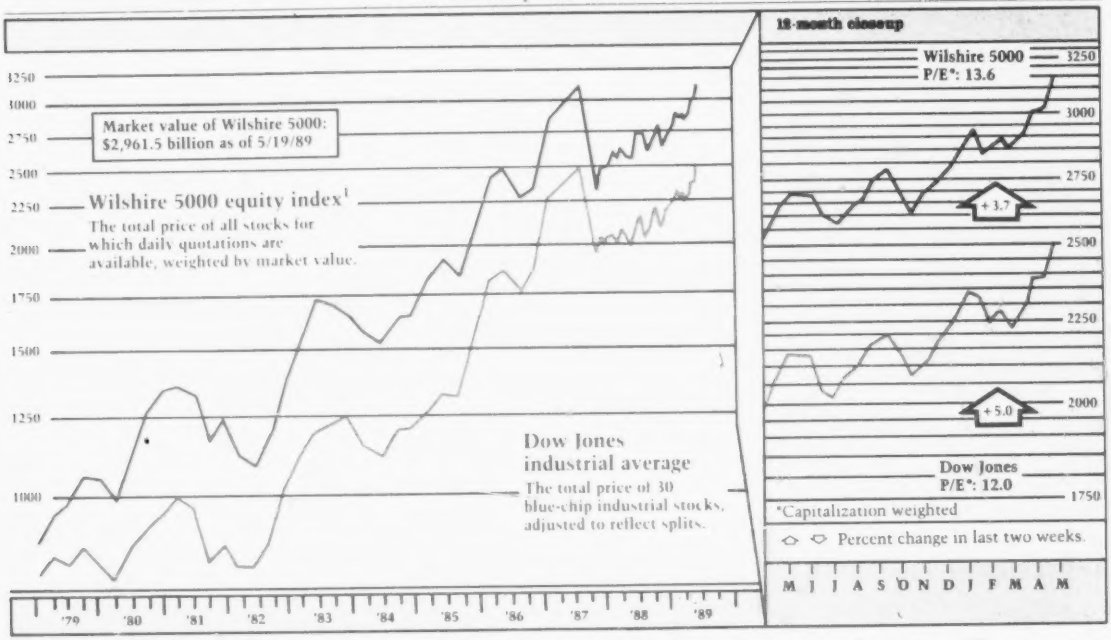
	Market share				
Company	Western Europe	Italy	France	Germany	U.K.
VW-Audi	14.9%	8%	6%	29%	6%
Fiat	14.9	61	7	5	4
Peugeot-Citroën	12.9	7	32	5	6
Ford	11.3	4	7	15	27
GM	10.4	3	5	16	15
Renault	10.2	9	32	3	4

Western European figures based on 1988 data; others on 1986.
Sources: Fiat; Motor Vehicle Manufacturers Association

Jean François Allaux

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Blue chip surge. Aided by falling interest rates, the Dow posted a healthy 5%, 119-point rally during the past two weeks. This gain lifted the Dow industrials to within 8% of their August 1987 alltime high. Secondary stocks posted smaller gains, as the Amex and Nasdaq markets climbed by 2.0% and 2.6%, respectively. The overall market, as measured by the Wilshire index, finished the last ten trading days with a 3.7% increase.

Thanks to strong profits, the Dow is priced at a moderate multiple of latest 12-month earnings. The current P/E of 12 is up from a five-year low of 9.8, which was reached just six months ago, but well off its October five-year high of 21. The Dow's earnings yield (the inverse of the P/E) is 8%, not quite equal to the 8.7% yield on risk-free 30-year Treasury bonds. In August of 1987 the Dow earnings yield was just 4.5%, against a 30-year T bond rate of 8.9%. Despite the current rally, valuations are a long way from their precrash highs.

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	3.8	3.9	3.8	3.5	3.3	4.3
in last 52 weeks	25.1	25.2	28.1	24.9	21.2	20.8

Stock performance based on six key investor yardsticks[3]

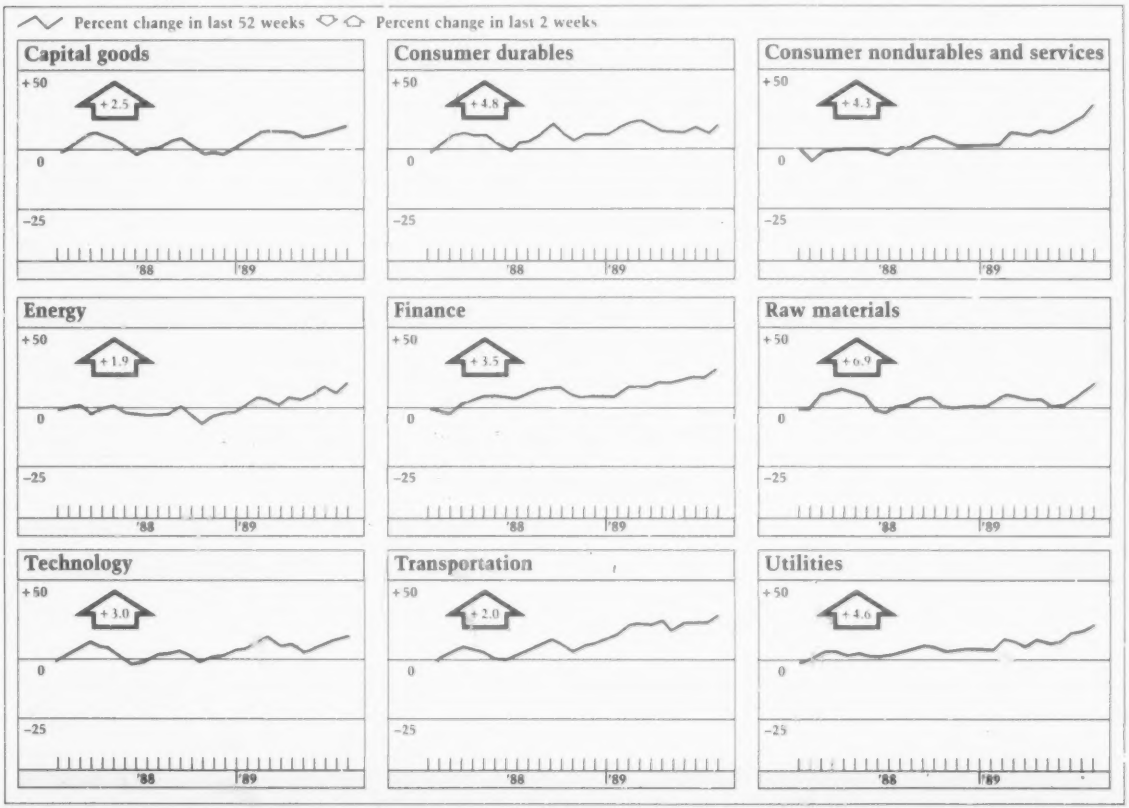
Percent change	Company size		Volatility[4]		P/E multiple		Dividend yield		Growth profile[5]		Share price	
	large	small	high	low	over 21	under 8	over 4.5%	none	high	low	over $34	under $4
in last 4 weeks	4.0	4.2	2.4	2.1	3.9	2.0	2.4	3.7	3.9	3.0	3.3	1.9
in last 52 weeks	28.0	22.0	17.7	12.1	33.1	17.9	7.0	25.7	20.3	19.6	28.9	4.5

[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. [2]Based on sales. [3]Equal weighted indices containing all shares with market capitalizations over $10 million. [4]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable. [5]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 5/19/89. Prepared by Wilshire Associates, Santa Monica, Calif.

Where the Action Is

On the coattails of a strong market. All nine Wilshire sectors advanced over the past two weeks. Raw materials posted one of the best two-week gains in recent memory, with a 6.9% increase. Within this group Ogden, Corning Glass Works and Waste Management scored double-digit percentage gains. Consumer durables, utilities and consumer nondurables also registered above-market increases. With oil prices receding to their earlier levels, energy stocks lagged the market. The oil group squeezed out a 1.9% two-week gain, although Union Texas Petroleum Holdings, Mitchell Energy & Development, NL Industries, Sonat and Eastern Enterprises were all up by 8% or more. Over the past four weeks energy was the only group to show a loss.



What the Analysts Think

A flip-flop on transportation stocks. Four weeks ago transportation stocks showed some of the biggest cuts in 1989 earnings forecasts. But in the last two weeks analysts raised estimates for transportation stocks more than any other group. Regional carriers Atlantic Southwest, America West and Midway Airlines show the largest increases.

Forecasting the Forbes Sales 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.32	13.0
1989 estimates	3.85	11.2
1990 estimates	4.19	10.4

Rank based on change in estimate	Sector	Estimated 1989 EPS	Estimated 1989 P/E	% change in 1989 estimate in 2 weeks	% change in 1989 estimate in 4 weeks
1	Transportation	$2.85	11.0	0.55%	–0.04%
2	Energy	3.36	11.8	0.38	0.71
3	Consumer durables	3.53	11.1	0.17	–0.27
4	Consumer nondurables	2.70	14.6	–0.09	–0.22
5	Utilities	3.02	11.5	–0.13	–0.34
6	Raw materials	3.45	9.6	–0.19	0.20
7	Capital goods	3.00	13.5	–0.26	0.07
8	Technology	3.10	11.7	–0.69	–1.55
9	Finance	3.69	8.9	–0.78	–0.14

Earnings projections are capitalization-weighted consensus estimates from over 3,000 security analysts. Data are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 5/19/89. Prepared by Wilshire Associates, Santa Monica, Calif. IBES, a service of Lynch, Jones & Ryan, New York.

THE 1989 MONEY GUIDE

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214 **Where to find over-the-counter bargains.**

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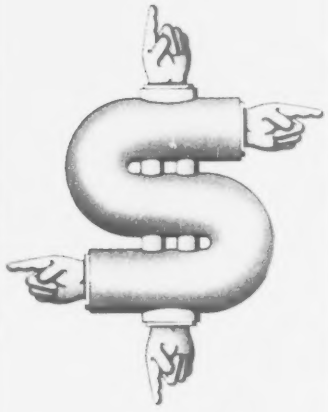

Cover illustration by Andrew Christie

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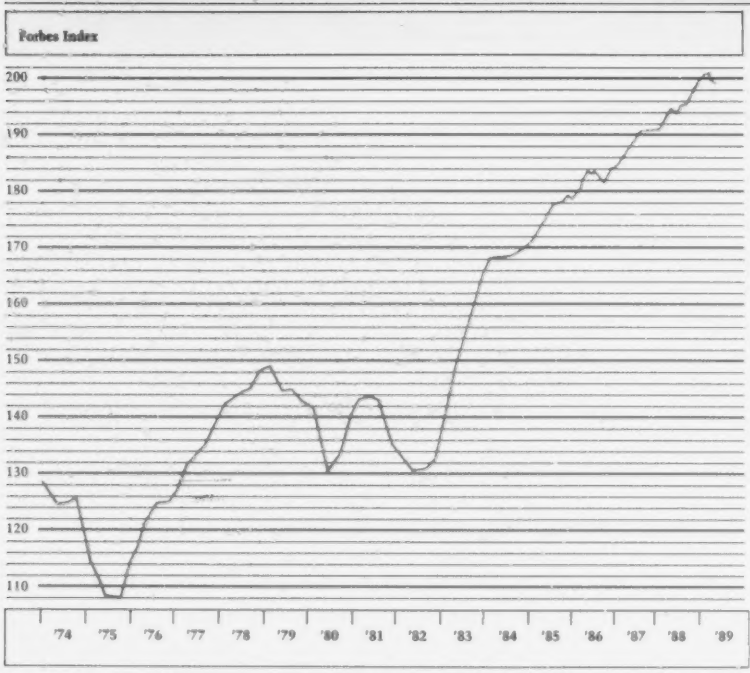
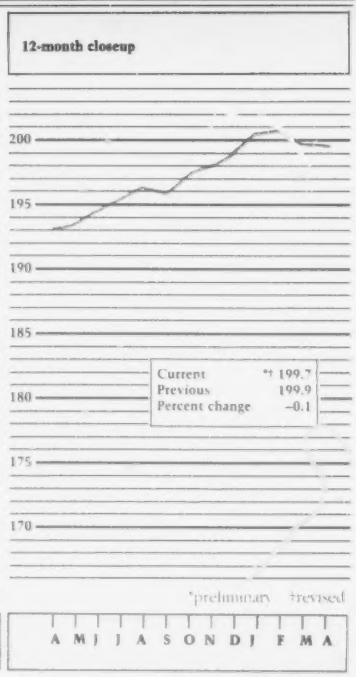
The Forbes Index



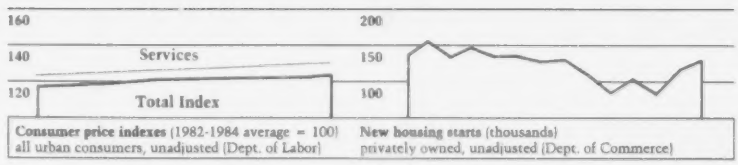


Fears of a recession seem premature. The Forbes Index finished March with a 0.4% decline, and it now turns out the economy grew more slowly in the first quarter than originally estimated. The revised first-quarter gross national product shows annual growth at 4.3% rather than the 5.5% reported earlier. Other data, however, point to an improving business climate. Following two monthly declines, the index of leading indicators rose 0.8% in April. Manufacturers' new orders increased 3%, to $129.2 billion, the second-highest total on record, while inventories rose for the 22nd consecutive month. Personal income climbed 0.6%, to $2.6 trillion.

The Forbes Index Components

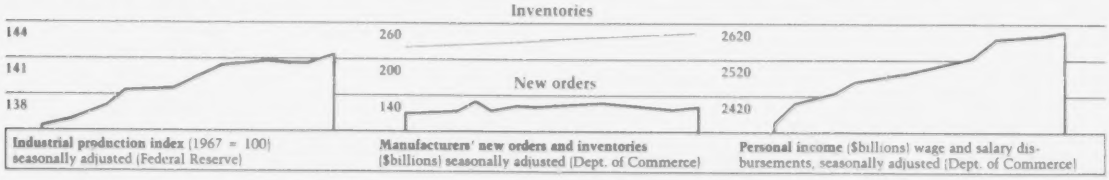
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Consumer price indexes (1982-1984 average = 100) all urban consumers, unadjusted (Dept. of Labor)

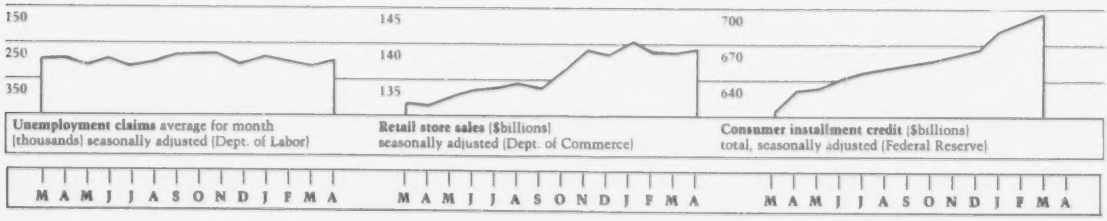
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)

Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)

Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)

Retail store sales ($billions) seasonally adjusted (Dept. of Commerce)

Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

As a group, new stock issues are lousy investments. Why do people keep buying them? Because a few pay off big. Here are some tips for improving the odds.

Survival of the few

Patrick McDonnell

By Charles M. Bartlett Jr.

THE NEW ISSUES MARKET is heating up again, with a spate of offerings in May and gushing prices for a few stocks that came out earlier this year. Several prominent publications have heralded the revival of the dormant new issues market.

We have a more subdued story to tell, with an unhappy ending. It's the story of how well new issues do over the long pull. They fare terribly.

Only half the initial public offerings since the beginning of 1979 now sell for more than their offer price. Only a third beat the Standard & Poor's 500 stock average. This is a pathetic showing when you remember that these issues are much riskier than the blue chips that dominate the S&P 500. Also, our numbers exclude dividends, which are much higher on established companies.

Why do people buy new issues? It is one of the great mysteries of the supposedly efficient market. If investors were rational, they would be much choosier and underwriters would have to cut prices. By how much?

We reviewed the performance of 2,181 companies that raised $5 million or more at a minimum of $5 a share in initial offerings between Jan. 1, 1979 and May 12, 1989. For each we compared the current value of $100 invested in the issue with the current value of a $100 investment made on the same date in the S&P 500. The bottom line is an average performance, relative to the S&P, of –14.8%. In other words, if underwriters had cut new issue prices by 15%, the buy-

The best and worst new issue underwriters

Brokers are ranked by the performance of new stock issues since 1979 that raised at least $5 million and were priced at $5 or more.

Rank	Underwriter	Number of issues	% of issues that went up	% of issues that beat the market	Average performance rel to market[1] actual	Average performance rel to market[1] market
	Best					
1	William Blair	40	63%	46%	111.3%	26.2%
2	Piper Jaffray Hopwood	27	61	43	78.6	22.1
3	JC Bradford	19	53	47	73.4	13.3
4	Morgan Stanley	65	72	50	56.2	9.5
5	First Boston	63	62	49	49.0	8.6
6	Bear, Stearns	74	47	40	64.0	6.2
7	Oppenheimer	17	59	47	38.0	6.0
8	Goldman, Sachs	95	63	49	44.2	5.3
	Worst					
1	DH Blair	15	20	7	–60.4	–74.8
2	Rotan Mosle[2]	22	23	9	–46.6	–61.0
3	Bateman Eichler[3]	21	33	10	–25.4	–56.5
4	Rooney Pace[4]	15	27	20	–15.5	–53.7
5	Boettcher[3]	21	24	19	–27.6	–47.5
6	Ladenburg Thalman	30	33	23	–7.5	–42.1
7	Rauscher Pierce Refsnes[5]	19	32	16	–23.5	–41.6
8	Montgomery Securities	54	35	25	–4.7	–35.9

[1]The percentage by which the ending value of $100 invested in the stock exceeds the ending value of $100 invested in the market. [2]Subsidiary of PaineWebber. [3]Subsidiaries of Kemper Financial. [4]Now bankrupt. [5]Subsidiary of Inter-Regional Financial Group.

Most bankruptcies

Fortunately, half these underwriters are themselves kaput.

Rank	Underwriter	Number of issues[1]	% bankrupt
1	Muller[2]	43	23.3%
2	J Muir[2]	34	14.7
3	Moseley Sec[2]	41	12.2
4	Rooney Pace[2]	59	11.9
5	Paulson Invest	43	11.6
6	Montgomery Sec	56	10.7
7	Ladenburg	48	10.4
8	DH Blair	149	8.7

[1]Initial offering price was at least $1. [2]Now bankrupt.

ers could have tied the market. (All performance numbers are adjusted for stock splits, and in cases of acquisitions the proceeds were assumed to be reinvested in the S&P.)

Why do people keep buying? One reason is that brokerage firms push new issues heavily. They earn underwriting commissions averaging 6.6% for moving this merchandise, against only 1% to 2% for taking your order for Ford Motor. Another reason may be that investors are prone to wistful thinking. They remember vividly the spectacular results of a few initial offerings—the Liz Claibornes and Home Depots *(see table below)*. The many losers are less memorable. They don't get mentioned by industry analysts. They never show up in the *Value Line* charts. The bankrupts vanish from view.

If you do invest in new issues, inject some rationality into the process and you might actually beat the market:

- Stay away from low-priced stocks. The 1,121 stocks in our database that came public at less than $5 show an average relative performance of –50.6%.
- Don't pay an outlandish multiple of earnings or book value. Ford is going for 4 times last 12 months' earnings and 1.1 times book value. Why not buy Ford instead? You should, of course, pay more for a growth stock, but you should be reluctant to extrapolate two years of earnings into a growth trend.
- Don't invest in anything you don't understand. If the company's product sounds like some high-tech fantasy, it probably is.
- Check to see how much money the company's current owners stand to pull out of the offering. Antonovich, the heavily advertised furrier, came public two years ago at 9¾; of the $7.2 million raised, brothers Daniel and David Antonovich took out $1.2 million each. Recent bid: ⅞.
- Beware of deals where the underwriting fees take more than 10% of the issue's proceeds.
- Be patient. Often, after an initial period of excitement, a new company gets cheap. Genentech climbed to a split-adjusted $14.67 during its first trading day in 1980; a year later the same stock was available for $4.33.
- Don't be a sucker for promising products with redeeming social value. If an electric car or cure for AIDS is going to arrive, it will probably come from a giant company that can afford the development cost, not from a startup. ■

The biggest underwriters

Bigger doesn't necessarily mean better. Only Goldman appears both here and on the list of top brokers for performance of their new issues.

Rank	Underwriter	Number of issues	% of issues that went up	% of issues that beat the market	Average performance actual	Average performance rel to market[1]
1	**Shearson Lehman Hutton**	137	54%	43%	41.6%	–0.2%
	EF Hutton	111	53	35	49.7	–6.7
	Robinson-Humphrey	54	48	30	30.6	–14.5
	Lehman Bros Kuhn Loeb	36	56	28	104.7	–1.3
	Foster Marshall-Amer Exp	2	50	50	97.9	–8.9
2	**Merrill Lynch**	199	55	37	48.7	–1.2
	Becker Paribas	28	57	25	61.7	–15.7
	Warburg Paribas Becker	6	50	0	–1.9	–60.3
3	**Alex Brown & Sons**	165	49	36	32.9	–7.4
4	**Drexel Burnham Lambert**	151	51	32	19.3	–11.0
5	**PaineWebber**	99	55	36	47.2	–1.3
	Rotan Mosle	22	23	9	–46.6	–61.0
6	**LF Rothschild[2]**	108	46	27	46.7	–18.6
7	**Hambrecht & Quist**	108	40	19	12.7	–33.6
8	**Goldman, Sachs**	95	63	49	44.2	5.3

[1] The percentage by which the ending value of $100 invested in the stock exceeds the ending value of $100 invested in the market. [2] Subsidiary of Franklin Financial.

The top-performing new issues

Here are eight poor reasons to buy a new issue. For while investors drool at the prospect of another Liz Claiborne, the truth is only a third of the new issues since 1979 have beaten the market. Below, the rare exceptions.

Company	Business	Offer price[1]	Price	Offer value ($mil)	Offer date	% gain actual	% gain relative to market[2]	Underwriter
Liz Claiborne	women's apparel	¾	22½	$21.9	6/9/81	2741%	1095%	Merrill Lynch
Home Depot	home improvement	1⅝	39⅞	7.2	9/22/81	2392	827	Bear, Stearns
King World Productions	film distribution	1⅝	26⅛	12.5	12/5/84	1482	717	PaineWebber
Adobe Systems	computer software	2¼	26¼	5.5	8/13/86	873	662	Hambrecht & Quist
Huntingdon International	research	3	39⅜	60.0	6/14/83	1213	592	Merrill Lynch
Safety-Kleen	cleaning equipment	1⅜	32	10.7	4/3/79	1863	541	Loeb Rhoads[3]/Wm Blair
Autodesk	computer software	3⅝	36½	15.4	6/28/85	895	508	LF Rothschild[4]
LA Gear	footwear manufacturer	5¾	42⅜	19.0	7/1/86	637	492	Sutro[5]

[1] Per common share, adjusted for splits. [2] The percentage by which the ending value of $100 invested in the stock exceeds the ending value of $100 invested in the market. [3] Acquired by Shearson Lehman. [4] Subsidiary of Franklin Financial. [5] Subsidiary of John Hancock.

Sources: Security Data Co.; Wilshire Associates.

Timber is a pretty good inflation hedge, if you buy it right. Here are some ways to tell good timber from the rotten kind.

The tree option

By John R. Hayes

WHERE ARE ALL the inflation hedges? Oil has behaved badly for most of the past decade. Gold is half the price it once was. Real estate lost most of its tax breaks.

There's another option: timberland. Timber investors get a long-term inflation hedge, dividends as trees are cut, and historical returns that compete with equities.

Risks are considerable: spotted owls, whose presence can interdict harvesting in certain old stands, a rising dollar, campfires, low housing starts, the southern pine beetle and a cyclical paper market. And then there is the rakeoff problem. Your middleman rakes off all the profits for himself.

The $20 million Hutton Southern Timber Partners I, for example, came out in 1982. Partners I has lost money six years out of seven, and so far the limited partners have received only $96 on each $500 unit. In the secondary market today, units go unanswered at $100, asked. On the other hand, Hutton (now Shearson Lehman Hutton) has earned $3.9 million in fees and distributions. "This partnership was not set up to benefit the limited partners," says Henry Swan, president of Wagner Woodlands, a timberland investment company in Lyme, N.H. "It was set up to benefit the general partner."

Although public partnerships as a rule offer terrible terms, other options are attractive. For most small investors the best is buying shares in a publicly traded company that owns a lot of timberland.

Underlying those shares is good economics. Studies by John Hancock's Timber Resource Group—which now manages 670,000 acres for pension funds—show real, compound timber returns of 5.4% annually since 1960, slightly outpacing common stocks. Hancock also says timber is countercyclical to bonds and equities, and therefore a good addition to a diversified portfolio. Unlike gold and silver—more traditional inflation hedges—timber grows in size as well as value. And unlike most agricultural commodities, timber needn't be sold at a loss if this year's price is too low; it can be stored on the stump.

Be warned that timberland investments are notoriously difficult to measure historically, and some academics disagree with Hancock's conclusions. But here is one undisputedly bullish fact: While office buildings and condominiums are getting more numerous, the world is losing timberland.

The shareowner in a forest product company is, of course, betting not only that the trees will hold their value but also that the value will be realized somehow. James Goldsmith and Charles Hurwitz used undervalued timber to conquer and divide lumber and paper companies this decade. Today, with forest product companies selling at only 7.7 times earnings and demand from Asia pushing Pacific Northwest timber to over $400 per thousand board feet, one could argue the industry is more vulnerable than ever. (The price was only $125 when Goldsmith won Crown Zellerbach in 1985.)

If you want trees, look at prices carefully

Timberland values vary by geography, tree quality and ease of harvesting, but these numbers give a rough idea how much tree an investor gets.

Security	1988 revenues ($mil)	Per $10,000 invested: 1988 dividend	book value of other assets[1]	acres owned or controlled	price per acre[2]
Rayonier Timberlands, L.P. (class A)	$91	$1,308	$–302	1.2	$8,585
Pope & Talbot	515	209	5,177	1.3	3,710
IP Timberlands L.P. (class A)	206	1,295	1,144	2.6	3,406
Hutton Southern Timber Ptrs I[3]	1	0	–500	6.0	1,750
Hutton Southern Timber Ptrs II[3]	3	0	537	7.3	1,296
Pope Resources L.P.	18	414	2,059	18.5	430
Louisiana Pacific	1,799	260	4,672	16.0	333
Plum Creek Timber Co. L.P.	NA	NA	–5,067	48.6	310
Int'l Paper	9,533	262	7,077	12.2	240
Champion Int'l	5,128	266	5,449	20.0	228
Franconia Timber L.P.[3]	0.2	236	1,642	45.7	183
Anderson-Tully[4]	58	326	4,503	53.6	103

[1]Investors' equity excluding book value of timber. [2]$10,000 less book value of other assets, then divided by number of acres. [3]Closed to new investors; calculations based on offering price and current balance sheet. [4]Most recent bid price: $92,000. NA: Not applicable.

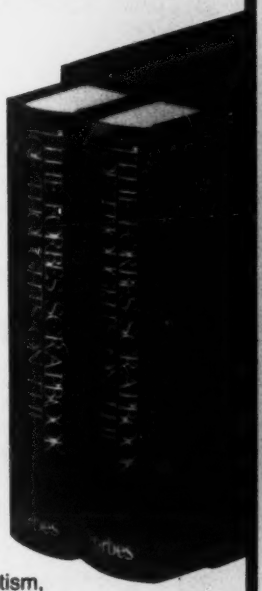
Champion International, for example, owns or controls 6.4 million acres of U.S. timberland and sells below book value. The market value of its common shares is $3.1 billion, while nontimber assets are $1.8 billion, net of liabilities. That means the timberland costs, in effect, $228 an acre. What those acres are really worth varies tremendously with tree quality, distance to mills and ease of harvesting, but prices range from $300 to $700 in the Southeast and $1,000 to $4,000 in the Pacific Northwest.

Two master limited partnerships, IP Timberlands and Rayonier Timberlands, look like purer plays, but the land ownership is an illusion. The general partners, controlled by International Paper and ITT Rayonier, promise to try to pay a dividend near 12% of original purchase price to public investors. But after 1999 and 2000, respectively, 96% of the yield from the land reverts to the parent corporation. A unit of one of these, therefore, isn't a timber investment so much as an annuity whose income stream is dependent on timber prices and good behavior by the general partner.

Pope Resources and Plum Creek Timber Co. are both partnership spinoffs of forest product companies that still look like operating companies. Almost half Pope's revenues come from real estate development and resort management. Plum Creek, once the timber component of Burlington Northern, has 338,000 acres in the Pacific Northwest and 1.1 million acres east of the Cascades. It also owns lumber, plywood, fiberboard and wood chip mills. Though the partnership is saddled with significant debt, investors are paying only $310 an acre for the timber, so Plum Creek could be treated as an undervalued forest product company.

If you want to own tree acreage outright, you can hire a manager to select it and deal with timber buyers. It helps to be wealthy. "People like to have something they can go out and touch and walk around on," says Jackson, Miss. forest manager James Vardaman, author of *How to Make Money Growing Trees*. "But it better be something they're figuring on owning for a long time, because the transaction costs are a hell of a lot bigger than they are with Charles Schwab." Another drawback: It's unlikely that a fire will wipe out Weyerhaeuser, but it could certainly happen to your 300 acres. ■

Read two at night, Wake inspired in the morning



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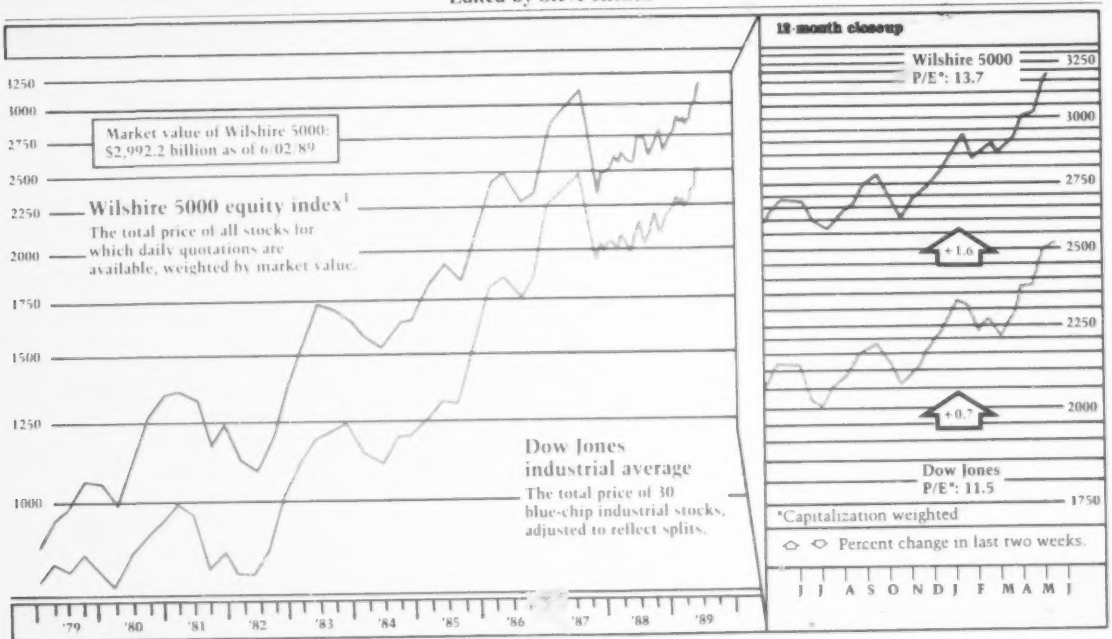
The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Are we reliving the summer of 1987? A 136-point rise in the Dow industrials over the last four weeks brings this market bellwether to 2518, or within 7.5% of its August 1987 precrash high. The big difference, of course, is in earnings. The Dow is presently selling for 11.5 times its trailing 12-month earnings. Two years ago the multiple on the Dow was almost twice as high.

With hindsight, it seems the market was overpriced two years ago—but not necessarily by a factor of two. The 1987 Dow was to some degree correctly anticipating strong earnings gains over the next several years. Now the market, with its multiple much lower, seems to be saying that the rapid earnings gains are mostly behind us.

Before every major bull market of this century was over, secondary stocks have rallied. If the past is prologue, this bull market should continue at least until the over-the-counter stocks heat up. On a 52-week basis the Nasdaq (up 19.8%) still lags the Dow (up 21.6%).

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	5.4	6.0	5.7	5.4	3.9	4.8
in last 52 weeks	21.2	20.7	21.6	20.7	19.8	19.8

Stock performance based on six key investor yardsticks[3]

Percent change	Company size		Volatility[4]		P/E multiple		Dividend yield		Growth profile[5]		Share price	
	large	small	high	low	over 21	under 8	over 4.5%	none	high	low	over $34	under $4
in last 4 weeks	5.3	4.1	3.2	3.7	4.2	4.0	3.7	4.4	3.9	4.3	3.8	3.6
in last 52 weeks	23.4	22.7	17.6	11.4	32.0	17.7	6.3	26.2	20.2	18.2	25.9	5.3

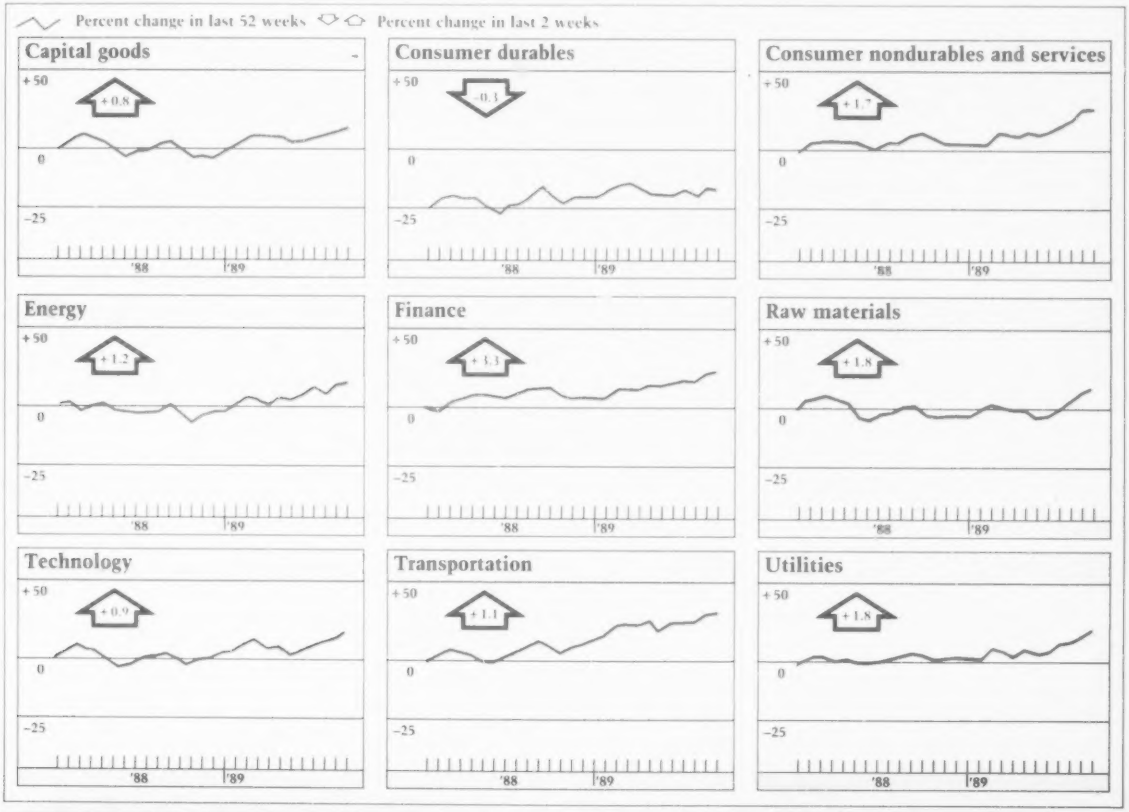
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. [2]Based on sales. [3]Equal weighted indexes containing all shares with market capitalizations over $50 million. [4]A stock's sensitivity to overall market movement. High volatility issues have wide price fluctuations; low volatility issues are more stable. [5]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 6/02/89. Prepared by Wilshire Associates, Santa Monica, Calif.

Where the Action Is

Prime movers. As several major banks lowered their prime rate to 11%, stock prices in the finance sector rose 3.3%. NCNB, Bank of New York, Union Bank of San Francisco and Federal National Mortgage all gained better than 11% over the past two weeks.

Even though the technology sector was up only 0.9%, versus 1.6% for the Wilshire index, several technology stocks posted impressive gains. Compaq Computer rose 18.6% on news that it plans to expand its plant in Erskine, Scotland to help service growing foreign sales. Double-digit gains were made by Motorola and Stratus Computer. The only sector to post a loss was consumer durables, with GM, Chrysler, Echlin and Black & Decker falling most among the majors.



What the Analysts Think

Pumping cheer. Crude oil price rises have abated somewhat since their pace earlier this spring but not enough to dampen the rising expectations of Wall Street analysts who follow energy companies. In the past month 1989 forecasts were raised by more than 20% for Valero Energy, Crown Central Petroleum and Amerada Hess.

Forecasting the Forbes Sales 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.36	13.1
1989 estimates	3.81	11.5
1990 estimates	4.18	10.6

Rank based on change in estimate	Sector	Estimated 1989 EPS	Estimated 1989 P/E	% change in 1989 estimate in 2 weeks	% change in 1989 estimate in 4 weeks
1	Energy	$3.35	11.8	0.77%	1.16%
2	Raw materials	3.45	9.6	0.33	0.14
3	Consumer durables	3.54	11.2	0.25	0.42
4	Capital goods	3.60	13.7	-0.07	-0.33
5	Utilities	3.03	11.7	-0.07	-0.20
6	Consumer nondurables	2.67	15.0	-0.17	-0.26
7	Technology	3.19	11.9	-0.67	-1.35
8	Transportation	2.81	11.2	-1.16	-0.62
9	Finance	3.55	9.6	-3.65	-4.40

Earnings projections are capitalization-weighted consensus estimates from over 3,000 security analysts. Data are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 6/02/89. Prepared by Wilshire Associates, Santa Monica, Calif., IBES, a service of Lynch, Jones & Ryan, New York.

IS YOUR INSURANCE COMPANY SOLVENT?

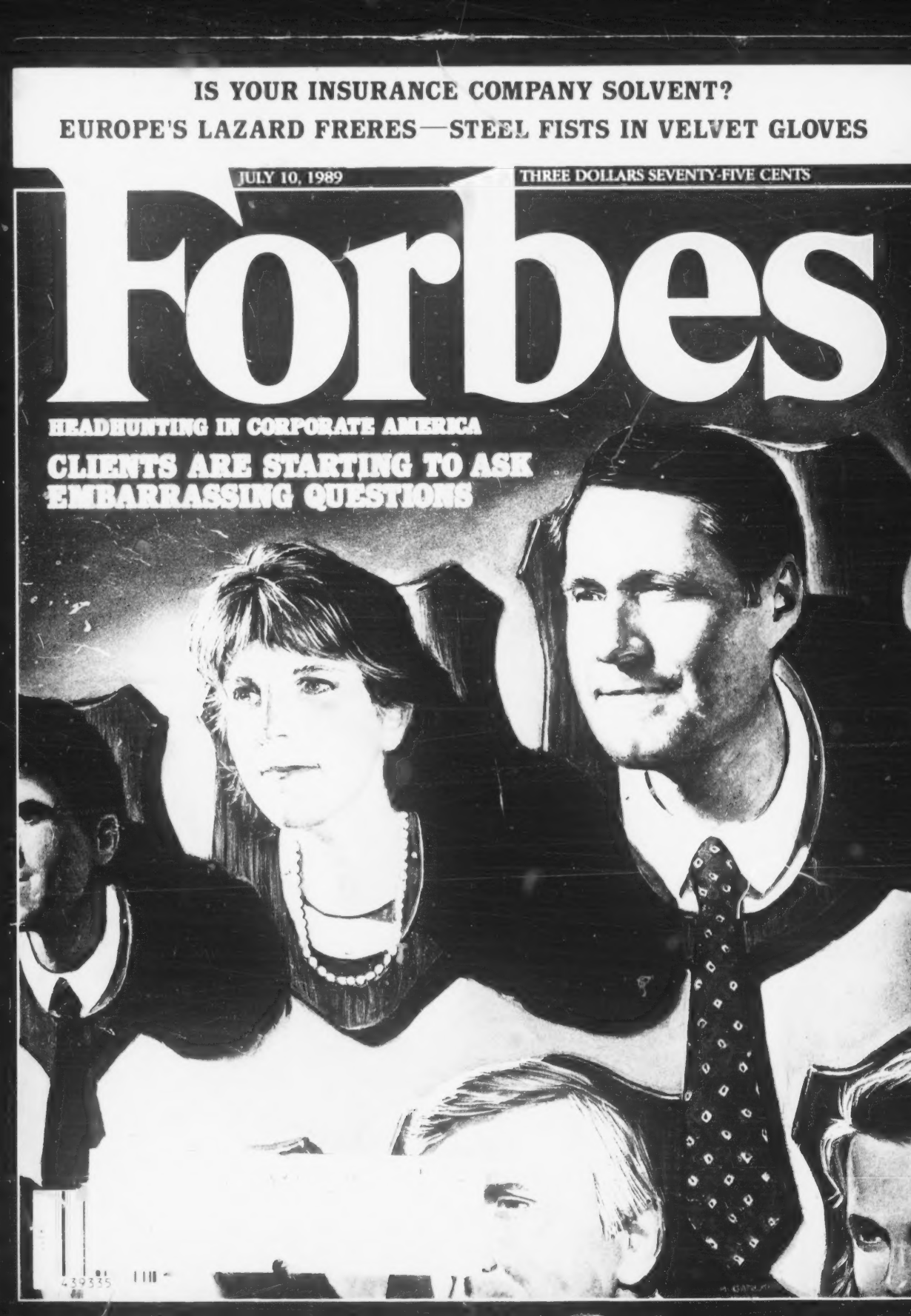
EUROPE'S LAZARD FRERES—STEEL FISTS IN VELVET GLOVES

JULY 10, 1989 THREE DOLLARS SEVENTY-FIVE CENTS

Forbes

HEADHUNTING IN CORPORATE AMERICA

CLIENTS ARE STARTING TO ASK EMBARRASSING QUESTIONS



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Cover illustration by Michael Garland

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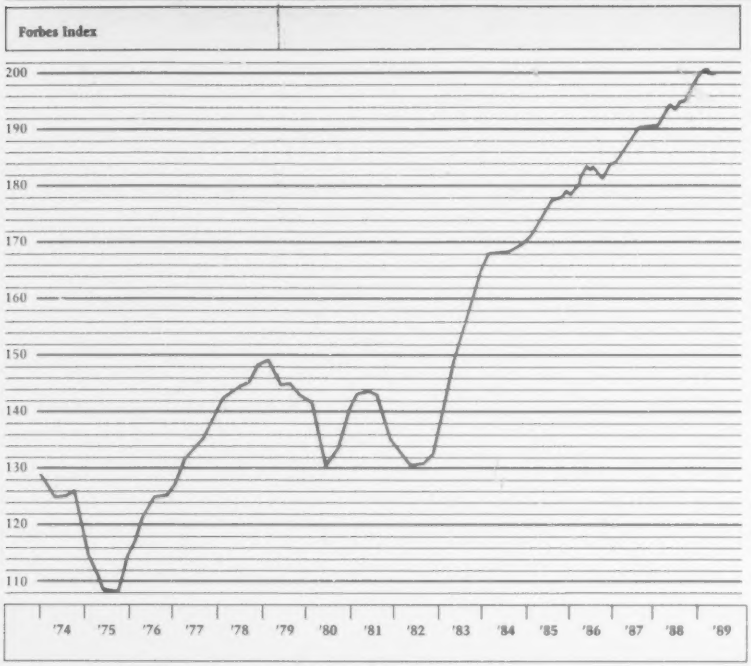
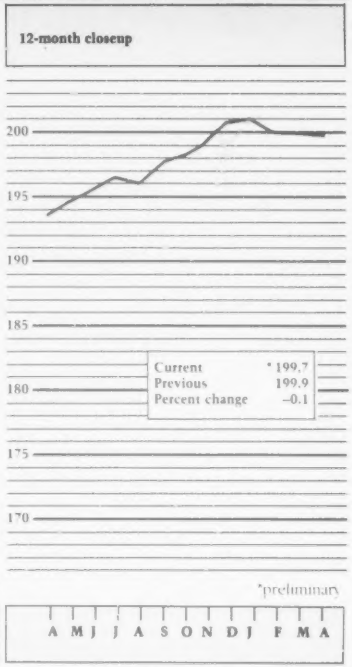
The Forbes Index





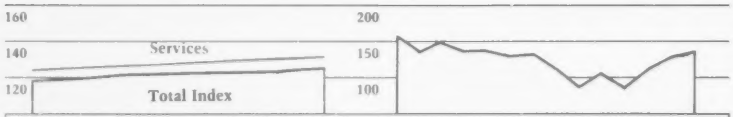
It's not double-digit, but it still hurts. The Consumer Price Index rose 0.7% in April and 0.6% in May. The latest increase was largely the result of higher prices for gasoline and food. At its current pace, inflation is increasing at a 7.4% annual rate. Inflation was 4.4% in 1988.

Industrial production held steady in May, while new unemployment claims jumped 5.6%, the biggest rise in five months. May housing starts gained 2.8%, to 133,100 units, but the trailing 12-month total for this index has been on the decline since February. Consumer installment credit expanded by 0.4%, to a record $693.8 billion, in April. Retail sales rose 0.1% in May, to $141.1 billion.

The Forbes Index Components

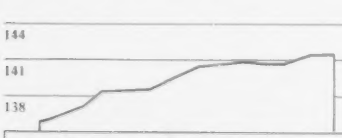
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, Forbes monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.

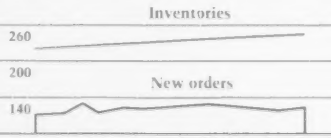


Consumer price indexes (1982-1984 average = 100) all urban consumers, unadjusted (Dept. of Labor)

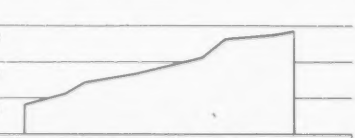
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



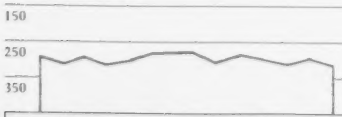
Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)



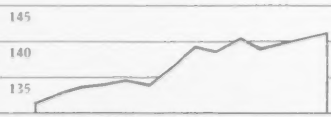
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail store sales ($billions) seasonally adjusted (Dept. of Commerce)

Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

Forbes

When S&Ls went bad, Uncle Sam bailed out the depositors. But Uncle Sam has made no such promises to life insurance policyholders—and eight out of ten Americans own life insurance.

You bet your life

By Gretchen Morgenson

OF THE 155 MILLION Americans who own some form of life insurance, few are fully aware of the industry's eroding financial base and its rising rate of failures. This ignorance is not bliss. Unlike customers at banks and savings and loan institutions, people who trust their money to life insurance companies are not protected by a federal bailout mechanism.

No, we're not predicting massive failures among life companies, as happened with savings and loans and, to a lesser extent, commercial banks. But only an ostrich would ignore signs of a seriously deteriorating situation.

"The freewheeling approach of some in the insurance industry may put these companies on a crash course similar to the route taken by many of our nation's S&Ls," says Thomas Wheeler, chief executive of Massachusetts Mutual Life Insurance Co., the nation's 11th-largest life insurer. Mass Mutual is widely regarded as one of the sounder companies, and Wheeler is referring to life companies that have been taking excessive risks in their investment portfolios.

Life insurance isn't supposed to be a risky business. But since 1987 some two dozen life insurance companies have defaulted. This marks a sharp departure from the previous two decades, when the failure rate was running at about one life insurer per year.

So far, the failed companies have been relatively small. The annual bailout costs have jumped from less than $9 million in 1982 to about $70 million on average in the past two years. Most of the losses to policyholders have been made good by healthy insurance outfits under various state guaranty fund systems. But if the failures mount, this pro bono publico policy will give way to simple self-preservation.

If the problems were limited to a few highfliers, they could be fairly easily contained. Unfortunately, they are not. The same high-risk strategies and investments that forced some small insurers into insolvency are now nagging some of the big-name life companies like Equitable Life Assurance Society, Travelers Insurance and I.C.H. Corp. Across the industry, balance sheets have weakened dramatically. Five years ago all the life insurance companies followed by the rating agencies were rated Aaa; today only 40% have that top rating, according to Moody's Investors Service.

What are the trouble signs? Perhaps the most alarming is shrinking capital and surplus accounts, meant to cushion against unforeseen risk. One key measure compares capital with portfolio risk. Using 100 as an adequate level of capital needed to compensate for portfolio risk, an index compiled by Moody's shows a steady decline, from 110 in 1984 to 96 last year *(see chart, opposite)*.

Another dicey development is the fact that more and more mutual life insurers are being forced to reduce dividends paid to their policyholders—a clear indication of a profit squeeze. Last year Mutual of New York, with $24 billion in assets, reduced its dividend by 3.5%. Manufacturers Life Insurance Co., with $19.9 billion in assets, has cut its rates 4.3% over the past two years.

It is hardly reassuring to note that many insurance companies are starting to employ questionable accounting techniques to improve the look of

H.B. Lewis

their net capital positions. Late last year, for example, two large life insurers entered into unusual transactions with Citibank. General American Life Insurance Co. of St. Louis ($5.1 billion, assets) and Washington National Insurance of Evanston, Ill. ($1.9 billion, assets) sold Citibank future premiums worth $75 million and $30 million, respectively. These sales had the effect of boosting both companies' net capital positions because the insurers immediately booked as assets the $75 million and $30 million they received from Citibank. But what the bookkeeping entries didn't show was that both insurers had mortgaged some of their future cash flow.

The risks keep rising

Below, insurance companies with above-average problem mortgages—more than 1.2% of invested assets—and junk bonds that exceed 20% of invested assets. Capital and surplus is a cushion against crisis.

Company	Cash & invested assets ($mil)	Problem mortgages as % of cash & invested assets	Problem mortgages as % of capital & surplus
Northwestern National Life	$2,325.5	6.5%	25.6%
Travelers Insurance	24,510.3	5.7	123.8
Mutual Benefit Life	9,614.2	4.4	107.9
John Hancock Mutual Life	23,987.0	3.6	75.3
General American Life	3,772.7	2.5	49.3
		Junk bonds and notes as % of cash & invested assets	**Junk bonds and notes as % of capital & surplus**
First Stratford Life	$632.2	67.0%	2,557.9%
Executive Life of California	10,834.5	54.9	2,913.1
Executive Life of New York	3,648.6	53.1	1,995.1
Presidential Life	1,408.4	35.9	867.7
Fidelity Bankers Life	1,159.4	32.3	940.3

All figures, the most recent available, are as of Dec. 31, 1987.

Source: Conning & Co.

Indeed, a few months ago the New York State superintendent of insurance ruled that the sale of future premiums is really a loan, and so an amount equal to the premium sale should appear as a liability on the insurer's balance sheet. The superintendent found the Citibank deals "inconsistent with statutory accounting principles." But the sales have not been officially disallowed, nor have the insurers restated their financials.

These transactions are nothing more than an effort to mask capital depletions. Without them, Washington National would have shown a $13 million statutory loss in capital for 1988, and General American would have had a $4 million decrease.

The stakes are mounting. The amount of money that changed hands in these transactions was relatively small. But word has it that similar premium sales are being considered by two industry giants, Equitable Life Assurance Society and the Massachusetts Indemnity & Life Insurance Co., a subsidiary of A.L. Williams. Warns Joseph Belth, editor of *Insurance Forum* newsletter, "When these guys begin to play games like this, you may be getting closer to a disaster."

What's behind the balance sheet deterioration? A classic profit squeeze. Life insurance marketing and sales expenses have continued to rise over the past few years, but the nation's increasingly sophisticated consumers are demanding products such as universal life policies and annuities, leaving insurers with slim profits, at best. Gone are the days when simple whole life policies made up the bulk of an insurer's business. Life insurers, pitted against mutual funds and brokerage firms for America's investment dollar, have in some cases resorted to wildly aggressive tactics.

A case in point is Equitable, the giant insurer that got into big trouble with guaranteed investment contracts. Back in the late 1970s and early 1980s, premium inflow from consumers was slowing down, so Equitable took in money to manage from pension funds at huge companies like General Dynamics and General Electric. To attract the business, Equitable—and others—promised higher long-term rates of return than their investment managers could realistically hope to generate.

Other examples are I.C.H., a publicly held Louisville, Ky. company that's big in universal life policies, and Integon, a sizable annuity seller that troubled Southmark agreed to sell in May. Both have seen the quality of their capital bases decline significantly. Knickerbocker Life Insurance, a 70-year-old company out of El Paso, failed in May. The company, which came up $22 million short in receivership, was a big seller of annuities with overly optimistic payout rates.

Low-profit and no-profit products—combined with cutthroat competition—have hit life insurers hard. Nationwide, the industry's returns on surplus capital—roughly equivalent to returns on equity for noninsurance companies—have steadily declined from 15% in 1984 to 9.5% today.

Balance sheets have deteriorated, too. During the 1980s, life insurers invested billions of dollars in junk bonds. Many companies were virtually forced to go for the highest yields because of the guaranteed investment contracts they have been selling. As a percentage of total assets, junk bonds held by most life insurers have more than doubled since 1982. But unlike mutual fund investors, insurance policyholders can't find out if the junk bonds held by their insurance company have increased or decreased in value. Why not? Insurers don't have to mark the value of their bonds to current market prices; instead, they effectively keep them on the books at cost. Result: Even though the principal value in Drexel Burnham Lambert's junk bond composite has declined 5.46% since 1987, insurance companies' junk holdings look as strong as ever—on paper, that is.

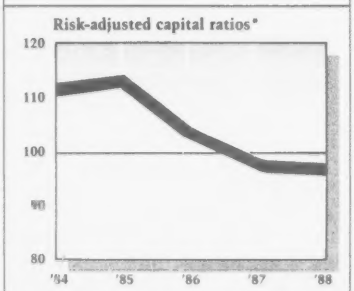
Bad real estate investments are taking a toll, too. But again, life insurers are not forced to mark their real estate assets to market. Still, since 1982, delinquency rates on commercial real estate mortgages held by the nation's top 21 insurers have more than doubled. Foreclosures have quintupled.

For the average policyholder it is difficult to spot these troubling trends. Many industry players—the mutual life insurers—are owned by

Andrew Christie

Capital on the decline

Insurance companies' risks have increased at the expense of their all-important capital.



* Median ratios for 43 leading life insurance companies rated by Moody's Investors Service

policyholders, not stockholders. In effect, they are owned by no one, and management can do as it pleases.

What about the public companies? On Wall Street, stocks of the big life concerns are hitting new highs. Even First Executive Corp., the Los Angeles company run by Fred Carr with 54% of its portfolio in high-risk junk bonds, is trading at nine times earnings, near the high for the year. Monarch Capital is heavily dependent on single-premium life policies, which Congress recently made unattractive from a tax standpoint. Yet, after two years of falling profits, it's trading at 27 times earnings.

Why does Wall Street love the life companies when the road ahead looks so rough? First, large stock companies like Aetna and American Family Life are probably in better financial shape than many of their mutual counterparts. Second, analysts care about immediate earnings growth more than a gradual decline in financial soundness. Earnings, right now, are stable.

Even on upbeat Wall Street, though, there is some skepticism. In 10 of the 14 life companies that Value Line follows, the premium over book that investors have been willing to pay has steadily declined the past three years.

Who will be hurt as more insurers fall out of bed? Policyholders, most likely. There is no federal guarantee fund to back up policyholders' investments. Various states do have guarantee pools, funded by insurance companies doing business in those states. But these are not especially deep pockets. Coverage is generally limited to $100,000 in cash value on a life insurance policy, $100,000 in present value of an annuity. The maximum payout per person is $300,000.

Note: There are no life insurance funds in Alaska, California, Colorado, the District of Columbia, Louisiana, New Jersey, Ohio and Wyoming.

If you live in any of these states or if you own a policy from a company domiciled in these states and your insurer goes under, you'll be just one of the company's creditors waiting to see what you get in a liquidation.

This is a $1.1 trillion (assets) business. Even if only a minor part becomes insolvent, the losses will be huge: An insolvency rate of only 15% among savings and loans created a $305.9 billion disaster.

Because of the federal deposit guarantee, it didn't matter which S&L you put money into, solvent or insolvent. Does it make a difference who insures your life? Darned right, because, if things go bad, you've no assurance Uncle Sam will bail you out. ■

Wall Street's Shearson was very good at what it did. But then it decided to get fancy. Result: mishap after mishap. The latest: the botched Time-Warner deal.

The Peter principle

By Joe Queenan and Tatiana Pouschine

WHEN 36-YEAR-OLD Peter Cohen took the helm at Shearson/American Express in January 1983, he laid out a pair of oversize shoes in front of his office fireplace. The shoes were to be a reminder of his mentor, the legendary Sanford Weill, who had moved up as president of parent company American Express. Figuratively speaking, the shoes still don't fit.

In what appears to be a classic example of overreach, Peter Cohen has inflated a highly profitable retail brokerage outfit into a full-service investment house that does absolutely everything but does not excel in anything. Though revenues have tripled since Weill left, margins have narrowed and earnings tumbled, from $4.34 in 1986 to 81 cents last year. In playing in the mergers and acquisition league, Shearson has seemed out of its class. Fresh from its humiliating failure in backing F. Ross Johnson's grab at RJR Nabisco from its shareholders, Shearson risked even greater embarrassment by watching the Time-Warner merger—in which it assisted Time in its extravagantly parsimonious proposal to shareholders—slip away.

The RJR fiasco, which cost Shearson a potential $200 million in fees, was only the latest in a series of setbacks. Before that, there had been the firing of Boston Co. President James N. Von Germeten after the Shearson subsidiary overstated 1988 earnings by $30 million; Shearson's embarrassing participation in foreign acquirer Beazer Plc.'s hostile raid on Koppers Co.; and the Night of the Living Unbundled Stock Units—a hot concept that quickly cooled off. On top of all this was a $140.7 million (pretax) writeoff of Shearson's holdings in MCorp preferred over the last 18 months, a tepid public response to the Shearson LBO fund and some serious underperforming in limited partnerships.

All of these misfortunes must be viewed with some dismay by Cohen's boss, James Robinson, up at American Express, long rumored to be anxious to part company with Shearson. Even more dismayed are shareholders who bought Shearson at its initial public offering price of $34 in May 1987, only to see it sink to its recent 19⅛ after three straight quarters of losses.

Shearson's current stated book value is $19.19 a share, with capital or equity of $1.7 billion. But when goodwill related to Hutton is eliminated, Shearson's capital shrinks to $300 million, giving it a stated book value of $3.39. By comparison, when goodwill is eliminated from Merrill Lynch's capital, its book value hardly changes from $31.76 a share. This is a particularly relevant item in the securities industry, where a firm's stock price often shadows its book value.

This reduced book value also causes capital problems for Shearson. Moody's released a report in March, raising serious concerns over the adequacy of Shearson's capital, as well as Shearson Holding's use of double leverage. This weak capital structure materially diminishes holding company creditor protection. Moody's expects Shearson to raise new capital.

Yet only nine months ago Peter Cohen was being hailed as a rainmaker—by FORBES along with everybody else. The media regaled its public with stories about Cohen's eccentric attitude toward nicotine (he often sports an unlit cigar), his practical jokes, his

gardening expertise and his austere taste in vehicles.

Cohen seemed to have pulled off a seamless integration of effete Lehman Partners—snapped up for a mere $360 million—and mainstream Shearson, vaulting Shearson from a highly profitable but specialized brokerage to a close second to Merrill Lynch as an integrated investment house.

Then, Cohen won kudos by assimilating the gunslinging E.F. Hutton crowd into his tamer Shearson Lehman hybrid. With Shearson's revenues rivaling those of Merrill Lynch and the firm's merger & acquisition business really starting to percolate—it was near the top of the heap for the first half of 1988—Cohen seemed to have arrived.

Doubts about Cohen's performance did not arise until Kohlberg Kravis Roberts blew Johnson/Cohen out of the water with its successful bid for RJR Nabisco. By trying to abscond with the company for $8 billion less than it ultimately proved to be worth, Johnson became, in the words of the *Wall Street Journal*, a "symbol of greed." Indeed, Johnson's cupidity was apotheosized when the deal appeared on the cover of *Time*. Thus, it is ironic that the next time Shearson should surface with a bunch of guys trying to hose shareholders, its client should be the parent of that very same magazine. It was no big deal for Paramount Communications' Martin Davis to top the Shearson-orchestrated bid by a neat $75 a share. No cover story this time.

In assessing Shearson's recent history, one gets the impression that Cohen lives off momentum: If he can just keep the company moving in enough directions, it will eventually find the right one. This reckless fidgeting was on display during Beazer's $1.7 billion hostile bid for Pittsburgh-based Koppers in the spring of 1988. That's the deal in which Shearson not only offered to put up a $570 million loan but also agreed to throw in another $25 million to buy 11% of the target if the deal went through. Thus, a formerly traditional investment bank was going to act as a principal in a hostile takeover. Corporate America raised a collective eyebrow.

Shearson's behavior so annoyed former Pennsylvania Treasurer G. Davis Greene Jr. that he announced that the state, which had reportedly done $7 billion worth of commercial paper with the firm the previous year, would suspend its business with Shearson. Meanwhile, Koppers executives were leaving home without their American Express cards, having already mutilated them with scissors and other implements. Robinson must have viewed all this with horror.

The zeal to deal may have also led to the departure of Stephen Waters, cohead of M&A, who was apparently not too thrilled by Shearson's chumminess with raider Paul Bilzerian, convicted in June by a federal court of securities and tax fraud. After Shearson, possibly at AmEx' behest, cooled toward the more aggressive types, Daniel J. Good, the banker who had brought Bilzerian into Shearson, left about a year later. Waters is now at Morgan Stanley, Good has formed his own firm and Bilzerian is bound for points unknown but probably won't be needing any M&A help for a while.

Back in the days when he was still a hero, Cohen proved adept at raising money. In April 1987 he persuaded Nippon Life Insurance to purchase 13% of Shearson for $508 million, and Shearson added to its war chest with a May 1987 IPO, selling 18 million shares for $612 million.

When the dust had cleared, American Express had reduced its stake to 62%, and rumors persist that it would love to move to a minority position to remove the increasingly unsightly Shearson numbers from its books.

Had Shearson used the money it got from the Japanese to strengthen its capital position, nobody would be raising questions about its capital position. Alas, it did not squirrel the money away. It used $962 million, excluding assumption of Hutton liabilities, to buy the battle-scarred E.F. Hutton, a chiefly retail house. That was $29.25 a share in cash, or a manly three times Hutton's book value, at a time when Wall Street's retail trade was going into a swoon from which it has not recovered. (Thomson McKinnon is said to have agreed to be sold at about half its year-end 1988 book value.)

The purchase was clearly an attempt to put Shearson on the same plane as titan Merrill Lynch, which it has. Shearson's 1988 revenues were $10.5 billion, exactly the same as Merrill's.

But the expansion was at the expense of profits. When Cohen took over direct control of Shearson in 1983, its net margin of 10.8% was one of the highest in the business; Morgan Stanley's was 10.9%. Since then, Morgan's margins climbed to an enviable 17.9% in 1988, while Shearson's eroded to 5%, if one excludes the one-time Hutton-related writeoff of $165 million. Counting it in, its margin had shrunk to a miserable 2%.

Jodi Buren

Peter Cohen with his trademark stogie
The Shearson story is little capital, even less earnings.

A less macabre, but no less telling, faux pas than the Hutton acquisition was Shearson's recent experiment with an innovative financial product. Last winter Shearson announced the introduction of a labyrinthine thingamajig called "unbundled stock units." Fusing actuarial wizardry with esoteric antitakeover potential, the gimmick initially captured the attention of The Street, which deemed the units "exciting," "innovative" and "unusual" before finally settling on the definitive term: "stupid." Shearson, which had been predicting that its clients would exchange $5 billion of common stock for the new units, earning Shearson perhaps $95 million in the first quarter alone, again seemed to be rushing off half-

Is the price right?

Shearson isn't the only adviser to underprice, but Time Inc. is a whopper.

Target	Target's investment banker(s)	Bidders	Status	Price/ share	Premium[1] (%)	Value of offers ($mil)	Under-valuation ($mil)
Time Inc	Shearson Lehman Hutton	Warner Communications[2]	Agreed mrgr	$98.67[3]		$6,019	
	Wasserstein Perella	Paramount Communications[2]	Higher bid	175.00	77%	10,700	$4,681
Champion Spark Plug	Dillon, Read	Dana Corp	Agreed bid[4]	17.50		604	
	Kidder, Peabody	Cooper Industries	Higher bid	23.18	32	800[5]	196
SSMC Inc	Morgan Stanley	Intl Semi-Tech (Canada)	Agreed bid	30.00		220	
		Intl Semi-Tech (Canada)[6]	Higher bid	38.00	27	284	64
Pullman Co	Shearson Lehman Hutton	Management-led group	Agreed bid	7.75		325	
		Forstmann Little	Higher bid	9.25	19	388	63
Irving Bank	JP Morgan	Banca Commerciale (Italy)	Agreed bid	65.00		1,224[7]	
	Goldman, Sachs	Bank of New York	Higher bid	77.00	18	1,450	226
JP Stevens	Kidder, Peabody	Odyssey Partners	Agreed bid	61.50		1,077	
	Goldman, Sachs	West Point-Pepperell	Higher bid	68.50	11	1,200	123
Insilco	Goldman, Sachs	CS First Boston & management	Agreed bid	29.00		724	
		INR Partners	Higher bid	31.75	9	813	89
Federated Department Stores	Shearson Lehman Hutton	RH Macy	Agreed bid	68.00		6,100	
	Goldman, Sachs						
	Hellman & Friedman	Campeau (Canada)	Higher bid	73.00	7	6,540	440
Macmillan Inc	CS First Boston	Kohlberg Kravis Roberts	Agreed bid	85.00		2,363	
	Lazard Frères	& management					
	Wasserstein Perella	Maxwell Communication (UK)	Higher bid	90.25	6	2,640	277

Note: RJR is not included because it formally agreed only to KKR's offer. [1]Difference between higher and agreed bids, as percentage of agreed bid. [2]Transactions are pending. [3]Under Warner merger. Time is valued by applying the stock swap ratio to Warner's market price of $45.88/share on 3/3/89. [4]In all cases, agreed bid is the first price obtaining target's agreement. [5]Includes $15 million termination fee paid to Dana. [6]Company topped its own agreed bid after Berjaya Corp. (Malaysia) offered $37/share. [7]Irving backed BCI's 4/19/88 offer for 51% of Irving, giving it an imputed value of $1.2 billion.

Source: The World Deal Review, published by New York-based investment banker Translink International.

cocked. On closer examination, the units didn't make sense (FORBES, *Feb 6*). Says Shearson President Jeffrey Lane, "The firm encourages employees to take risks."

If the stock units were poorly thought out, Shearson's Time-Warner deal was byzantine. So much so that even the arbs, the most cunning predators of all, were confused. On Mar. 6, the Monday after the Time-Warner deal was announced, most arbitragers accorded the traditional takeover premium to Warner, not Time. Time, which was being acquired, closed down $1.63, at 107½, while Warner closed at 48¼, up from 45⅞ the Friday before. Time shareholders would own only 38% of the combined entity. It wasn't until the next day that the market caught on to the fact that Time was being acquired, sending Time shares up 9¼ points in one day. Some arbs lost a bundle in unraveling their positions.

When the market finally caught on that Time was the acquired, it didn't take long to figure out that it was being acquired at a very low price. Betting on other bidders, traders sent Time's shares to a high of 135½ by May 30. Then Paramount put a $175 cash offer on the table. With that offer the bidding wasn't even close, suggesting that Shearson's pricing was so low as to be self-defeating. Shades of RJR.

Currently, the proposal is for Time to take over Warner, adding on an estimated $9 billion to $14 billion of debt. In an acquisition, shareholders don't vote.

In a bitter irony, it was Waters, Cohen's ex-M&A wizard, who ended up at Morgan Stanley backing Henry Kravis in his campaign for RJR against Shearson and Ross Johnson. He is also behind the Paramount bid. The winners of RJR took home millions; Shearson was barely reimbursed for its expenses.

But RJR and Time Inc. aren't the only two instances where the market rescued Shearson clients. Last year, thanks to higher bids, Pullman was sold for $63 million more than Shearson's agreed price (a 19% premium) and Federated Department Stores, which netted Shearson about $20 million in fees, was proved to have been $440 million undervalued *(see table, above)*.

Shearson, and the dauntless analysts who remain in its corner, argue that much of this unpleasantness is the inevitable hiccups associated with digesting entities as large and unwieldy as E.F. Hutton. PaineWebber's Brenda McCoy explains that if one throws out such nonrecurring items as the $165 million Shearson paid out to digest its Hutton acquisition or the MCorp writedown, the firm is now poised for earnings growth.

But much of that

The defense business

Shearson ranks low, relative to the competition, in the number of takeover targets it advises and the size of assets at stake.

Adviser	Value of deals ($bil)	Number of deals latest 12 mo*
Lazard Frères	$47.5	5
Dillon, Read	31.8	3
Merrill Lynch	29.6	2
Goldman, Sachs	19.9	15
CS First Boston	16.3	11
Wasserstein Perella	8.4	2
Morgan Stanley	7.6	7
Drexel Burnham Lambert	6.9	3
Shearson Lehman Hutton	6.0	3

*U.S. deals over $100 million announced after May 31, 1988 and completed before May 31, 1989.

Source: The World Deal Review, published by Translink International, New York.

growth will have to come from the M&A business, and here the record is humiliatingly grim. Cohen had little experience in investment banking before the Lehman acquisition, but he figured bringing in the top guns from that venerable house would resolve that deficiency. But one of the astonishing revelations of the past three years is that you don't need a huge infrastructure to be a successful investment bank. It's people that count, and not that many of them, so long as the people running the show are smart (KKR), well-connected (Pete Peterson) or both (Wasserstein & Perella).

Since the beginning of the year Shearson has placed fourth among the eight largest investment banking houses in announced mergers, but dead last in completions. And the big fees—and bonuses—come when the deal closes. Investment banking fees were a third lower this quarter compared with last, nosediving from $357 million to $243 million.

Shearson's M&A chief Tomlinson Hill responds that his department doesn't get enough credit for its defensive work. In fact, Shearson now ranks ninth in the target adviser business *(see table, p.42, bottom)*

One reason Shearson may be having trouble developing investment banking is that it's losing key people at a rate high even for Wall Street. One former Shearson Lehman banker says that out of the 18 people who started the same year he did at the combined entity, only 4 or 5 remain. The Lehman stars, among them Steve Schwarzman, Roger Altman, Peter Solomon, Steve Waters, Eric Gleacher, are all history. Some left almost immediately; others checked out shortly after bonus time in February.

In what would appear to be a spillover effect, Shearson has been having trouble with its LBO fund, known as merchant banking partnerships. Launched last year, the fund started out with a target of $1 billion, but then reportedly got frisky and counted on $1.8 billion. Shearson collected $1.4 billion, with about half of that coming from employees and its major shareholders.

Are there any bright spots on the Shearson horizon? Yes. The trading floor seems to be a steady revenue producer. And if the stock market continues to climb, and the retail consumer loses his fear of flying, Shearson has the infrastructure in place to make hay. But for every bright sign, there is a countervailing negative. A hefty chunk of Shearson's limited partnerships are in serious trouble, particularly those involving real estate. And despite all the talk about restructuring costs, fixed costs are a continuing drag on earnings.

Cohen, who has bet the farm on feverish growth, may soon have to face the music because there is no more money to spend on acquisitions. To acquire Hutton, Shearson leveraged itself into the heavens: At the end of 1988 its long-term debt-to-equity stood at 4-to-1, compared with Merrill Lynch's 2-to-1. In March, Shearson sold AmEx a mutual fund back-office business, once part of the Boston Co., for $275 million, to raise more capital; the $200 million net gain on sale went straight into Shearson's capital accounts, bypassing the income statement. Rumors persist that other Shearson businesses will soon be sold. This makes sense were Amex to sell Shearson in the traditional way to the public, it might have to take a $350 million hit.

Back in the days when Weill and Cohen were running Shearson, they prided themselves on close attention to detail and an almost fanatical watch on expenses. They were both very much operating men. These days Cohen takes care of the vision thing, frequently jetting overseas, while Lane, who started out as Cohen's research analyst sidekick, supervises day-to-day operations.

In fact, when FORBES visited Shearson's headquarters, Cohen, cigar and all, shared our elevator. FORBES was on its way to talk business with Hill; Cohen was getting off one plane from Europe that morning ready to take another one that night. FORBES had hoped he was there to talk to us, but maybe he'd just stopped by to see if those shoes had shrunk. ■

Whether Time gets Warner or Paramount gets Time, the victor will end up with its earnings devastated. Does that matter?

A peculiar beauty contest

By Dana Wechsler

WHOEVER WINS Time Inc., the contending bidders have done more than put a company into play. They have also focused attention on an interesting accounting question, namely: Does anyone care about a company's reported earnings anymore?

Paramount's Martin Davis conceded the deal would result in Paramount's earnings being "significantly lowered." But he, in effect, added: So what? Cash flow, not earnings, is the name of the stock valuation business these days.

The issue here is goodwill. Most of the big takeover deals are being done at huge premiums over book value—in Time's case, Paramount is offering $175 for a company whose book value is $24.75 a share. Most of the $150 premium would be carried on Paramount's books as goodwill, and accounting rules say that goodwill must be written off over up to 40 years.

If it wins Time, Paramount will end up with close to $9 billion in goodwill, requiring annual amortization of $225 million. This amortization would come straight out of aftertax profits. Add to that the interest cost of the enormous amount Paramount would need to borrow to handle the deal, and the acquisition would cost Paramount a great deal more than it brings in. Time Inc.'s earnings last year were only $289 million.

Without Time, Paramount's 1989 earnings would be about $415 million, $3.50 a share. The acquisition might reduce Paramount to breakeven so far as reported earnings are concerned.

Why should goodwill be amortized?

Executive recruiters—headhunters to you—have come to believe their own propaganda about high fees and sophisticated search techniques. In fact, the whole industry may be riding for a fall.

The clients are restless

Lester Korn, chairman of Korn/Ferry International
Call him Mr. Ambassador.
Alan Levenson

By Dyan Machan

"ARE YOU READY to meet the ambassador?" asks the pert blonde secretary. Is FORBES in the presence of a diplomatic notable? Hardly. We're calling on Lester Korn, 53, chairman of Korn/Ferry International, the U.S.' biggest executive headhunter. *Ambassador* Korn? Well, Lester Korn was U.S. representative to the Economic and Social Council of the U.N. from 1987 to 1988. That's a relatively minor post, not the sort that carries a title into private life. But then Lester Korn is in a business where appearances sometimes matter more than realities. So "Ambassador" Korn it is.

Headhunters like Korn have amassed enormous clout in American industry. They have helped anoint the heads of Apple Computer and Black & Decker, among others. Some 1,200 recruiting outfits last year competed for $2.5 billion in fees and expenses, a full third of it going to the top 10 firms. Korn's outfit alone took in $88.6 million. With restructuring and reshuffling the order of the day in the 1980s, demand for headhunters' services has skyrocketed.

But even as the business prospers, its reputation is becoming tarnished.

Conflict of interest, for example. If a client hires a search firm to find, say, a new chief financial officer, the search firm generally agrees that it will not raid that client for at least two years. That means the largest firms—those with the most clients—are handicapped in doing the very job for which they are hired.

Examples: Korn/Ferry, because of past relationships, is restricted from approaching 2,150 corporate entities. The nation's second-largest search firm, Russell Reynolds Associates, admits that 1,567 outfits are off-limits.

This can cause real problems for the clients. Korn/Ferry was retained about two years ago to find a new divisional president for Greenman Brothers Inc., a toy company based in Farmingdale, N.Y. What Korn/Ferry didn't tell Greenman Brothers was that its client list already included Toys "R" Us, Child World and F.A.O. Schwarz; just about all of the major toy players were out of bounds. With hardly any place to look for candidates, the search fizzled. Greenman Brothers ended up paying Korn/Ferry a hefty fee and then filling the job itself by luring back a former employee.

To get around this ban on raiding their own clients, some executive recruiters sometimes cut corners. Lawrence Holleran, human resources vice president for Chicago's FMC Corp., recounts how SpencerStuart, the nation's number three search firm, once tried to spirit away an FMC headquarters executive just months after completing a search for FMC's Brazilian subsidiary. Holleran confronted SpencerStuart, but the firm told him that its Brazilian search meant only that FMC's Brazilian division was protected from talent raids.

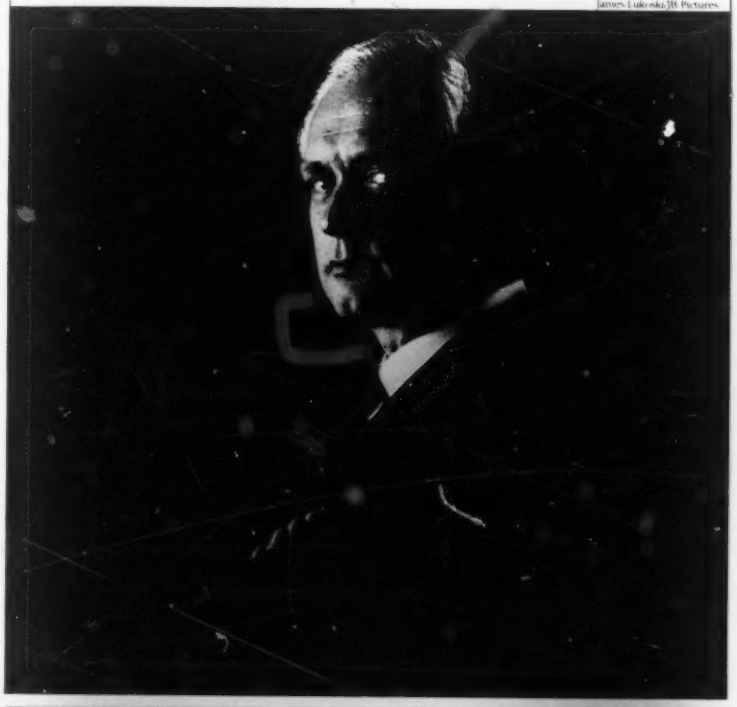
Today Holleran doesn't use SpencerStuart, and when he does use other search firms he makes sure to get a guarantee that all of FMC Corp. will be off-limits. Emerson Electric Co. reports similar problems and a similar solution: no more search firms without two-year, companywide protection.

Why don't companies approach their candidates themselves? It is considered unseemly for corporations to pick off the best talent from their competition but quite acceptable to hire a headhunter to do the stealing for them. Therein lies the source of the search industry's power.

The high and rising cost of executive searches is also causing increased customer resistance. "You don't get your dollar's worth," complains Mark Naster, recruiting and placement di-

Kent Kroeber, Interpublic's senior vice president for human resources
Steering clear of the largest firms.

James Lukoski/JH Pictures



Laurence Holleran, FMC's vice president for human resources
Nowadays he demands companywide protection.

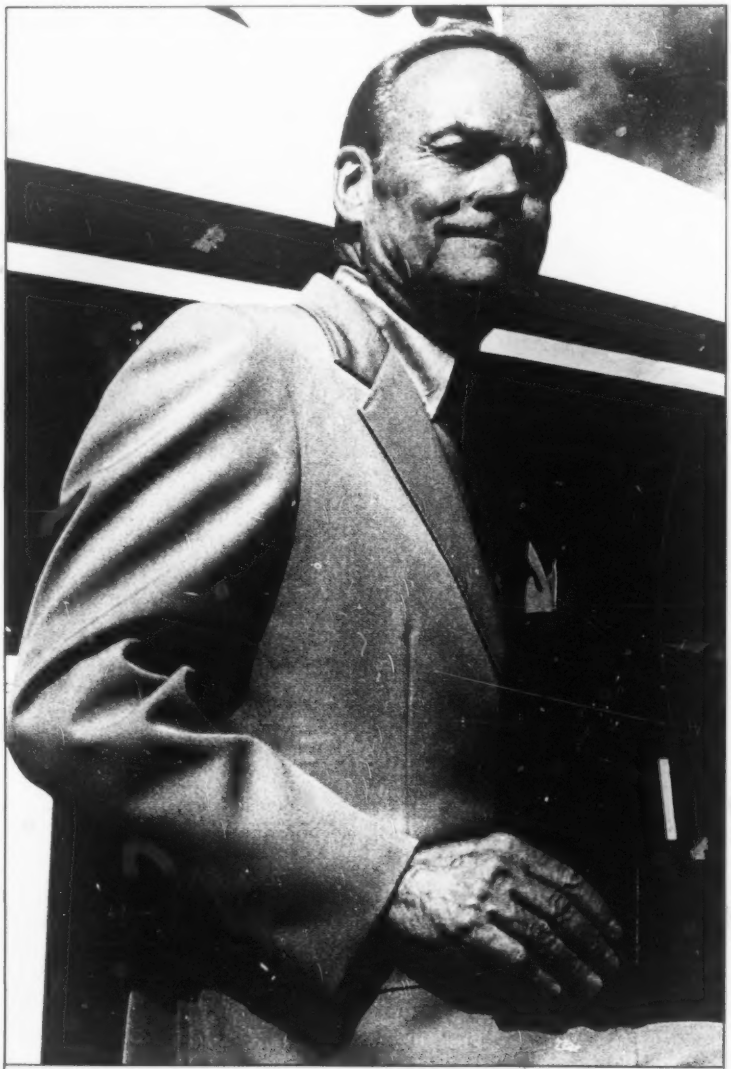
Steve Leonard

rector at Marion Laboratories in Kansas City, Mo. Thirty years ago search firms charged fees equal to 15% of a recruit's first-year salary and bonus. By the early 1970s executive search caught on and recruiters were able to hike their fees to 25% of salary and bonus. Then, in the early 1980s, with corporate loyalty out of fashion and demand for executives robust, fees inched up to 33.3%.

Yet the customers paid.

Executive reshuffling continues apace these days, but it is also a time when business is watching costs carefully. Many executive search clients, therefore, are beginning to question the fee structure openly. Many conclude that the biggest headhunters offer few real advantages over doing searches themselves or hiring smaller headhunters.

One dissatisfied customer is Kent Kroeber, senior vice president for human resources at the Interpublic Group of Companies, Inc. He now steers clear of the big firms, usually doing his own search work or hiring smaller, specialized recruiting outfits. Says Kroeber, "I am appalled by the larger firms' slick brochures and their graduates from fine universities—it's all just adding to their overhead." Complains Larry McClure, director of executive resources for United Technologies: "There is a continual effort to try to make their [executive recruiting] business more complicated than it really is. It's like putting fuzz on a grape."



Michel Setboun/TB Pictures

William Houze of William C. Houze & Co.
He got tired of "paying country club bills."

Is bigger best? The big recruiters have carefully fostered the legend: A big firm has more offices, more recruiters, more coverage. A lot of the clients have decided that this is an expensive myth. "Except in the rare case of needing an executive in East Africa, there's little argument for all the multinational offices," says James Kennedy, publisher of *Executive Recruiter News*. Interpublic's Kroeber doesn't buy the far-flung empire bit, either: "The broader the search, the higher the cost. It's just another way to run up expenses."

Even in the case of nationwide searches, there is often little synergy among a search firm's various offices. Recruiters are largely an independent bunch, busy looking for their own job candidates and their own commissions. The largest firms usually run their offices as separate profit centers, giving little incentive for one to help another. An estimated 90% of searches are completed regionally. Listen to Don Allerton, an executive recruiter at Chicago's smallish Allerton/Heinze, who was formerly with Staub Warmbold, a medium-size firm. He says of recruiters in general, "We don't talk to the guy next door, much less to the guy in Tokyo."

What about the much-vaunted computer search capability? Each of the top firms touts its state-of-the-art database. In reality, these databases are little more than computerized collections of résumés that can include the names of dead people, incompetents and job jumpers. Korn/Ferry insists that some 25% of its final placements come from its database, but a majority of the recruiters contacted for this article insisted that they have never made a single placement from the computer. Says John Plummer of Ward Howell International: "I work with it because it's there, but does it help to fill a post? Absolutely not."

Another sore point: Many clients are disturbed to discover that the polished consultant they first met is not the person doing the actual work. Early on, the big search firms discovered they could save money by letting their Ivy League front men contact clients, all the while passing the actual work to an army of back-office researchers. Although an accepted practice in other professions, this angered Mark Naster of Marion Labs. Naster met with a Korn/Ferry representative for hours, explaining in painful detail what he wanted in an associate medi-

cal director. When none of the candidates was acceptable, Naster was irate: "The Korn/Ferry guy was too busy selling accounts to come up with good applicants."

Searches often end up costing more than you might expect—not just because of the 33.3% lump sum but because of all the extra fees that are added on. Korn/Ferry, for example, tacks on additional charges for messenger service and secretarial time. This comes on top of more commonly billed extras such as long-distance telephone calls, entertainment and travel. Has anything been left out? Just in case, at the outset of a search, Korn/Ferry charges its clients a $300 setup fee.

Gardner Morris, a human resources manager at Raytheon Co., once asked for a breakdown of a bill submitted by a medium-size search firm. On the itemized version he found his name listed next to a $265 lunch he never ate, at a restaurant that he had never visited.

With many companies turning sour on big search firms, the smaller search firms are gaining some ground. Often the smaller firms charge lower fees. One example is Harris Heery & Associates, a Norwalk, Conn.-based specialist in placing marketing executives. Harris Heery charges a 30% fee instead of the usual one-third. What about add-on charges? "We wouldn't think of passing on our own overhead like that," says Andrew Harris, the firm's cofounder. "I make plenty of money doing what I do."

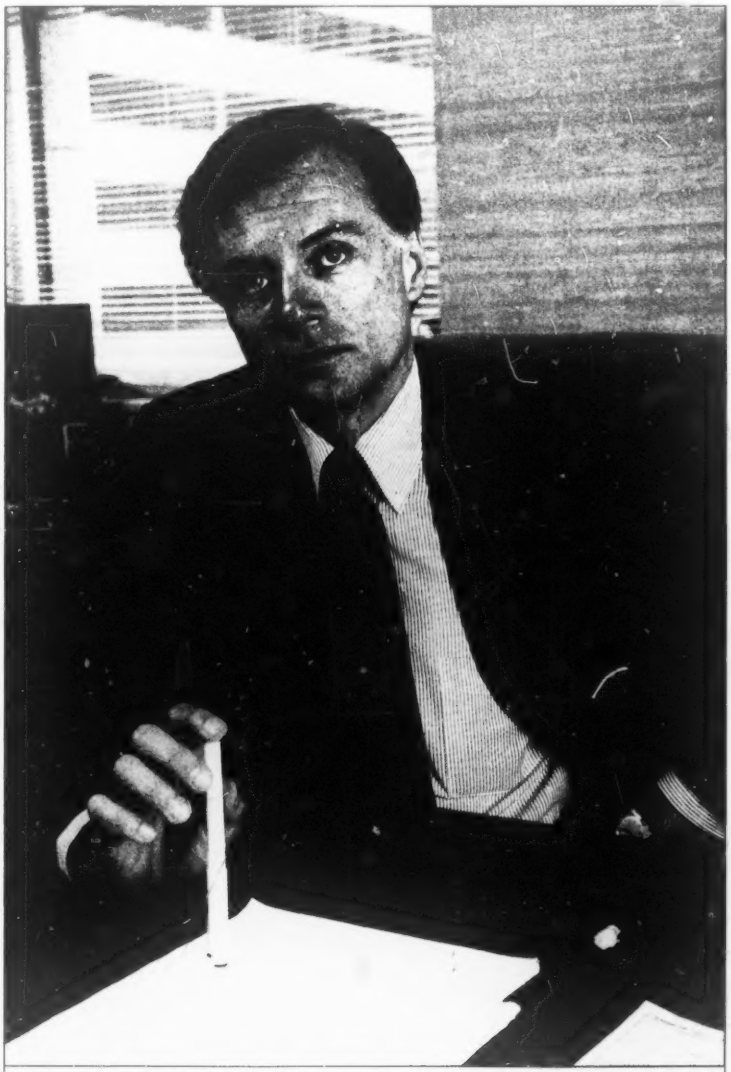
But, riding high, many top recruiters dismiss out of hand these signs of client unhappiness over fees. Russell Reynolds, 57, the founder of the headhunting firm that bears his name, argues that if investment banking firms and law firms earn multimillion-dollar fees, so should executive recruiters. Reynolds says he has been undercharging his clients for years. He and Korn are mulling a fee increase to perhaps 35%. Reynolds argues that over several years an individual recruited by his company may see his income rise sharply; now he would like to go after a piece of that action. What if a job candidate bombs out and is fired in six months? Would Reynolds consider refunding the 33.3% fee? No way.

In fact, there is something illogical about fees based on a percentage of first-year salary. Headhunters admit that, generally speaking, the higher the salary, the easier the search. Case in point: Did Kohlberg Kravis Roberts & Co. really have to pay Spencer-Stuart an estimated $650,000 to recruit American Express Co.'s Louis Gerstner Jr. to run RJR Nabisco? Wouldn't a telephone call from Henry Kravis to Gerstner have done the job?

A more logical approach would be to charge an amount directly related to the complexity of the task. One of the very few firms that bill clients this way is Egon Zehnder, a leading European search firm that has risen to become the 11th largest in U.S. headhunting. Egon Zehnder estimates the amount of time required, and charges accordingly.

A small Los Angeles-based firm is taking Egon Zehnder's policy one step further. William C. Houze & Co. charges a fixed fee that includes all of its overhead—no extra expenses are tacked on to the final bill. Houze, 67, devised this approach after working on the other side of the fence as a human resource director at General Electric and Rockwell International. Houze felt that the recruiters he had dealt with were overcharging. Says Houze, "I got tired of paying country club bills." So far, companies such as General Electric Radar and Fairchild Industries have responded favorably, hiring him to do several of their searches.

Marion Labs says it has negotiated headhunters' fees down to 25% of first-year salary and bonus, from



Don Allerton of Allerton Heinze Gregory Gayton

Don't be fooled by the far-flung empire pitch.

Russell Reynolds of Russell Reynolds Associates
What if a job candidate bombs out? Would Reynolds consider refunding his fee? No way.

33.3%. Many companies are starting to ask for flat fees, and in some cases the large search firms are complying. What choice do they have? In addition, clients are finding that they can avoid paying overhead charges by simply ignoring them. Says Interpublic's Kroeber, "When I get a bill for expenses, I throw it out. So far, I've been getting away with it."

Toyota has taken a different tack. The company hired search firms to fill one of its top U.S. parts positions but struck out three times. Two candidates left after short stints on the job. Particularly frustrating, one search effort didn't even come up with a suitable candidate.

All this left Toyota with no parts manager and three headhunting bills that totaled more than a year's salary for the post. Now the carmaker withholds the last third of a recruiter's fee until a job candidate joins the company.

Arrangements like Toyota's are becoming more common.

Besides haggling for more realistic fees, many clients are beginning to do more search work themselves. It's becoming easier because they can actually buy databases similar to the ones the large search firms tout so aggressively. Human resource directors say the databases are not a panacea and add that the databases rarely spit out the names of wonderful job candidates. More often, the databases—especially those that are tailored to specific industries—are used for leads.

In the past four years at least 120 new companies have cropped up selling lists of resumes in a variety of fields. This do-it-yourself trend will likely continue.

These have been glory days for the nation's headhunters. The business will go on because it does, by and large, perform a service despite the exalted claims and inflated charges. But the glory days, the days of easy money, are probably over. ■

The top four

At the biggest search firms, revenues have jumped sharply. With growth has come arrogance, inflated fees, and potential conflict of interest: The more clients a headhunter works for, the fewer places he can recruit.

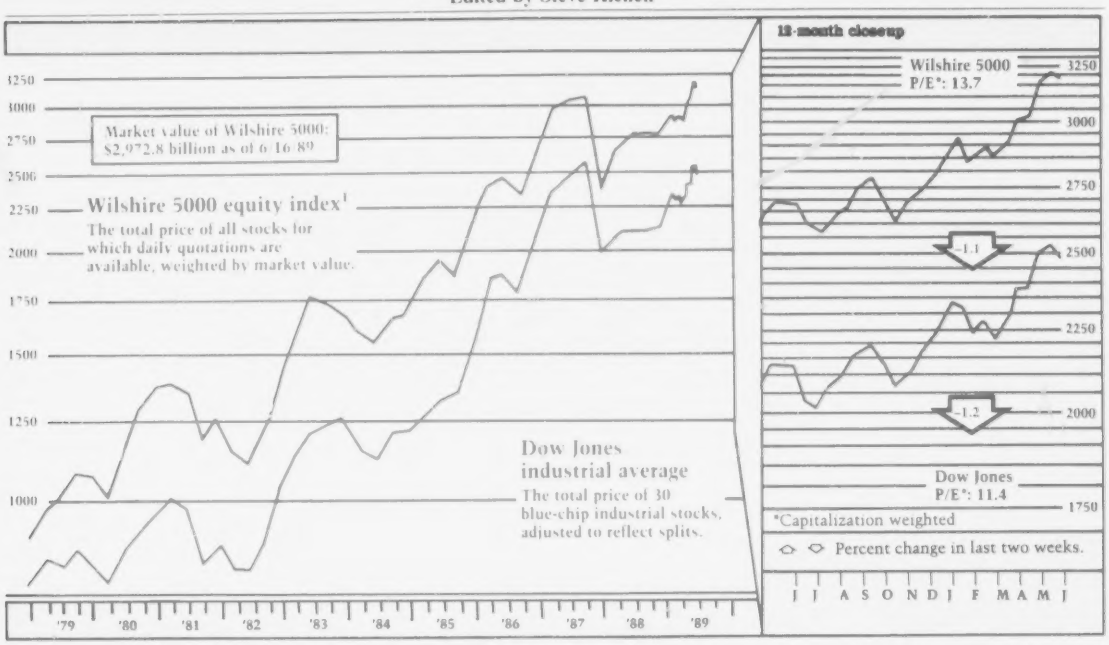
Firm	Offices	1988 fees U.S. ($millions)	1988 fees outside U.S. ($millions)	Clients off-limits
Korn Ferry	43	$56.4*	$32.2*	2,150
Russell Reynolds	21	49.3	28.9	1,567
SpencerStuart	30	30.0	36.5	1,250
Heidrick & Struggles	23	31.3	16.8	1,289

*April fiscal year; all others calendar year

Source: companies, Kennedy Publications

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Resistance at the 2500 level. In the last two weeks the Dow industrials slipped back to 2486—down 1.2%. Since the start of the year, however, the Dow shows a 14.7% gain, the Wilshire index a 15.9% gain. According to Stephen Leeb, editor of *Indicator Digest*, "The recent downturn in long-term yields means that a recession is as elusive as ever." Leeb adds, "There has never been a major market correction or economic recession when bond yields are declining."

A strengthening dollar may have encouraged investors to take profits during the last two weeks. A stronger American currency will make foreign goods more competitive and reduce the dollar-denominated earnings of U.S. multinationals. On the positive side, takeover targets such as Time Inc. and NWA probably dampened selling activity. Consumer nondurable and transportation shares, with declines of 0.7%, show the smallest two-week losses. The Wilshire index fell 1.1%.

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	0.5	0.2	–0.6	0.4	2.3	1.2
in last 52 weeks	17.7	17.2	18.2	17.5	18.4	15.6

Stock performance based on six key investor yardsticks[3]

Percent change	Company size		Volatility[4]		P/E multiple		Dividend yield		Growth profile[5]		Share price	
	large	small	high	low	over 21	under 8	over 4.5%	none	high	low	over $34	under $5
in last 4 weeks	1.0	3.4	1.1	2.0	1.5	2.6	2.5	1.8	1.7	1.5	1.3	3.2
in last 52 weeks	19.9	22.0	13.2	10.5	27.6	15.3	6.0	23.0	16.9	15.7	22.7	6.4

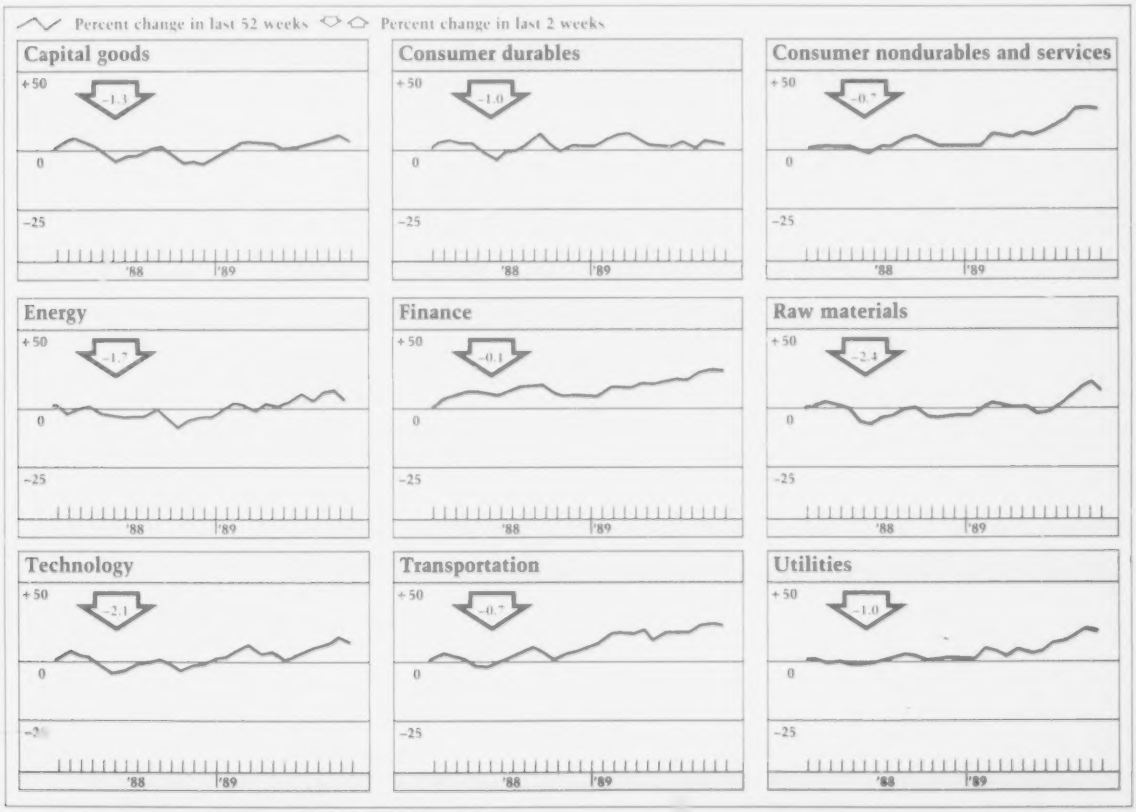
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. [2]Based on sales. [3]Equal-weighted indices containing all shares with market capitalizations over $50 million. [4]Stocks's sensitivity to overall market movement. High volatility issues have wide price fluctuations; low volatility issues are more stable. [5]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 6/16/89. Prepared by Wilshire Associates, Santa Monica, Calif.

Where the Action Is

The battle for hearts, minds and shareholders exploded as media giants Time Inc., Paramount Communications and Warner Communications engaged in a complex merger war. In the last two weeks Time jumped 32% on Paramount's bid for the company. John Farrow, a Randolph Center, Vt. money manager, says, "Investors would be well advised to keep away from these stocks." Farrow thinks the original stock swap proposed by Time and Warner made sense. But he is afraid that Time's effort to fend off Paramount with a new leveraged buyout offer for Warner will produce a debt-burdened firm.

The big losers the last two weeks were technology stocks. Ashton-Tate and 3Com posted losses in excess of 23%, while Novell declined by 17%.



What the Analysts Think

Downbeat analysts. Wall Street forecasters downgraded eight of the nine Wilshire sectors in the last two weeks. Only the energy sector was spared. Transportation shares were hit the hardest. Ryder Systems' 1989 earnings estimate was lowered from $2.56 to $2.39, while the forecast for Sea Containers was trimmed 20 cents, to $5.12.

Forecasting the Forbes Sales 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.35	12.9
1989 estimates	3.79	11.4
1990 estimates	4.16	10.4

Rank based on change in estimate	Sector	Estimated 1989 EPS	Estimated 1989 P/E	% change in 1989 estimate in 2 weeks	% change in 1989 estimate in 4 weeks
1	Energy	$3.34	11.6	0.78%	1.56%
2	Consumer nondurables	2.65	14.9	-0.10	-0.26
3	Utilities	3.02	11.6	-0.13	-0.19
4	Capital goods	2.99	13.2	-0.15	-0.21
5	Raw materials	3.46	9.4	-0.15	0.18
6	Finance	3.53	9.6	-0.31	-3.94
7	Consumer durables	3.52	10.8	-0.66	-0.40
8	Technology	3.19	11.5	-0.88	-1.54
9	Transportation	2.76	11.3	-1.25	-2.41

Earnings projections are capitalization weighted consensus estimates from over 3,000 security analysts. Data are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York based brokerage firm.

Note: All data for periods ending in 1989. Prepared by Wilshire Associates, Santa Monica, Calif. IBES, a service of Lynch, Jones & Ryan, New York.

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THE FORBES INTERNATIONAL 500 SURVEY

DALLAS' RUSTY ROSE, THE INSIDER'S INSIDER

JULY 24, 1989 THREE DOLLARS SEVENTY-FIVE CENTS

Forbes

THE WORLD'S BILLIONAIRES

FEW OF THEM ARE HOUSEHOLD NAMES BUT THEIR INFLUENCE IS PERVASIVE

WHO ARE THEY?

WHERE ARE THEY FROM?

HOW DID THEY MAKE IT?

AND WHY ARE MOST OF THEM EXPANDING THEIR U.S. INVESTMENTS NOW?

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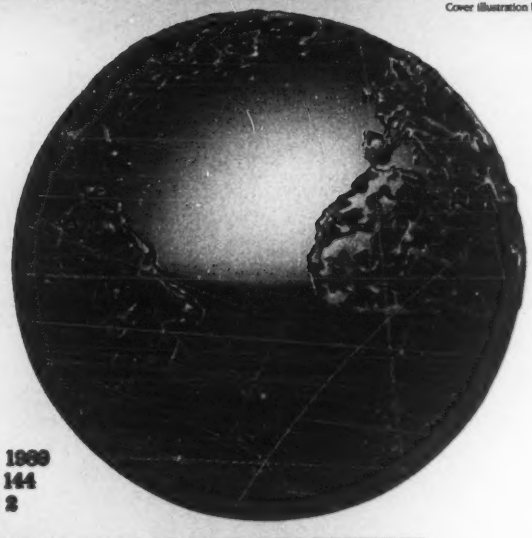
Cover illustration by John Harwood



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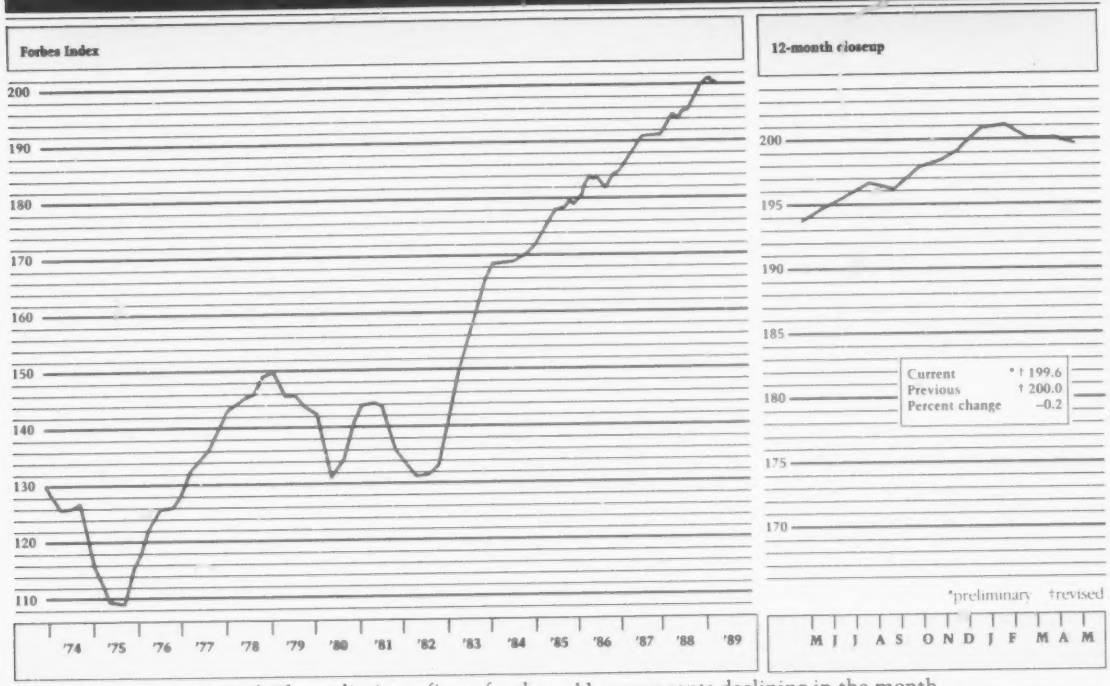
The Forbes Index



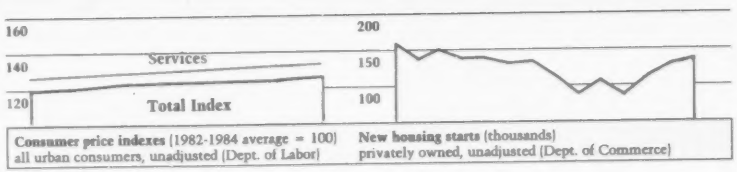
Most of the news isn't good. The preliminary figure for the Forbes Index in May shows a 0.2% decline. Should May end up in the loss column it would be the third decline in nine months. Though the Forbes Index reached a record high in February, it has gained only a minuscule 0.3% since the start of the year. Meanwhile, the government's index of leading indicators dropped 1.2% in May, with 9 of 11 components declining in the month.

Some economic indicators did show improvement in May. Personal income increased 0.2%, to $2.62 trillion, and the unemployment rate fell to 5.2% from 5.3%. The second revision of first-quarter gross national product indicates the economy expanded at a 4.4% annual rate against the earlier estimate of 4.3%.

The Forbes Index Components

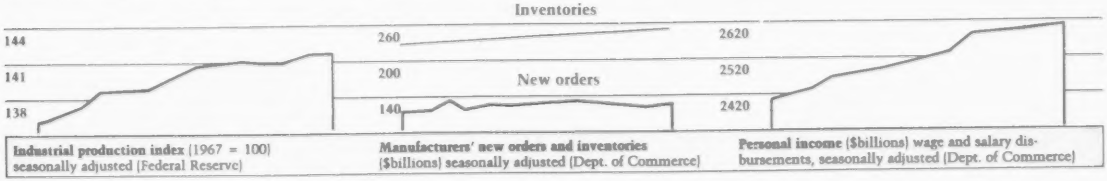
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Consumer price indexes (1982-1984 average = 100) all urban consumers, unadjusted (Dept. of Labor)

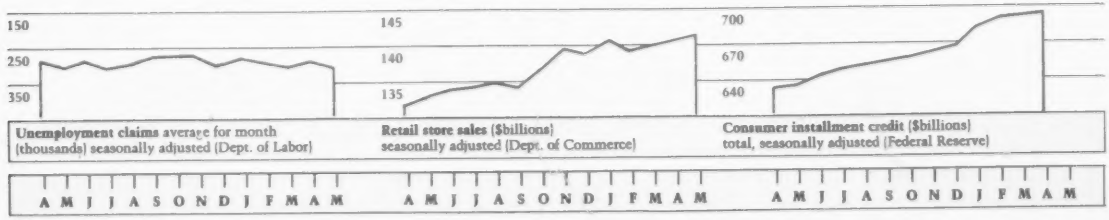
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)

Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)

Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)

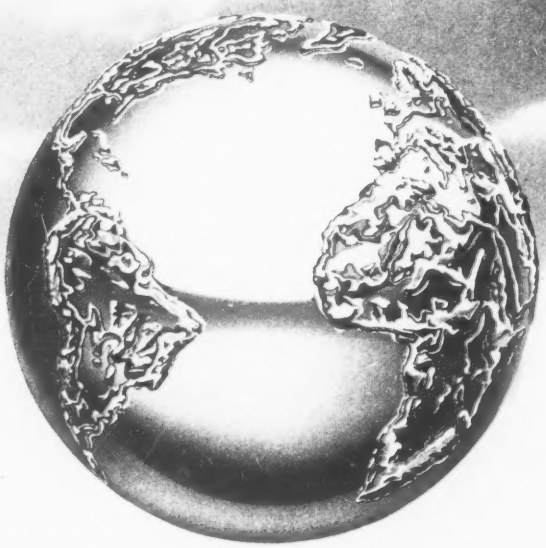


Unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)

Retail store sales ($billions) seasonally adjusted (Dept. of Commerce)

Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

A WEALTH OF BILLIONAIRES



By Harold Seneker

IF YOU LAID ALL the world's billionaires end to end, you wouldn't have a long line, but you would have an extraordinarily influential clan: a wealth of billionaires, if we might put a collective noun to this group.

Voyeurism aside, why should intelligent business people care about these mega-wealthy? Because from the stories and histories of these 89 men and 3 women and 52 family groups there is much to be learned about global business trends.

Take the hypermarket concept in retailing, now being tried in the U.S. Why did it succeed for the Weston family's George Weston Ltd. in western Canada but flop in eastern Canada? The Reichmanns, to take another example, have a reason for building in London that matters to Wall Street—London's ever-growing financial power. And in Taiwan, Y.C. Wang has concluded that it makes sense to supply his island with petrochemicals from Texas. The early experiences testing the investment waters in the communist world on the part of Sweden's Kamprad, Italy's Berlusconi, Korea's Chung, Hong Kong's Li Ka-shing and Britain's Robert Maxwell will be watched closely by anyone tempted to follow them.

What is sometimes overlooked is just how widely diffused the influence of the billionaires has become. Imagine a corporate executive in downtown New York,

What is sometimes overlooked is just how widely diffused the influence of the foreign billionaires has become.

Los Angeles, Seattle or Chicago. His firm quite possibly rents office space from Canada's Reichmann brothers, Japan's Shigeru Kobayashi or Britain's Duke of Westminster.

Do you read the *American Banker*? Did you know it is owned by Canada's Kenneth Thomson?

Or how about the recent stock market rumor that ran Hilton Hotels up ten points. The rumor was that Japan's Tsutsumi brothers were bidding against each other for the company. Brother bidding against brother? See page 172.

Are you a tennis player? The balls might be Spalding—Venezuela's Cisneros family bought that company in 1984. Do you drive a BMW? Did you know that West Germany's Quandt family owns the company? A Hyundai? That's part of the empire controlled by South Korea's Chungs. Your Chevy may well contain parts distributed by AI International, owned by the Al-Ghanims of Kuwait.

When you travel, do you or does your travel agent consult the *Official Airline Guide*? Since last year it has been owned by the Czech-born British billionaire, Robert Maxwell. Gambled at Las Vegas' Dunes Hotel? It is owned by Japan's Masao Nangaku.

We don't merely chronicle how these people got their wealth; we follow up on what they are doing with it now. And we keep turning up new billionaires; the new entries are indicated with a star.

How have we found and measured our wealth of billionaires? We use a straightforward yardstick: Any individual or family with a net (i.e., after debt) worth of $1 billion or more makes the list. To assess the value of properties we use recent stock prices, comparable real estate valuations, price/earnings multiples and currency exchange rates.

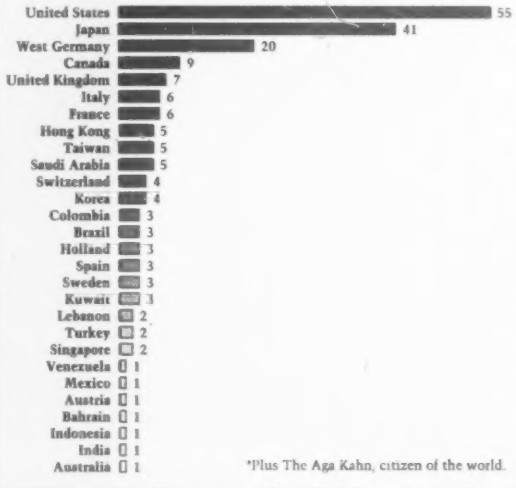
Since wealth abroad is sometimes held in complicated ways designed to retain control or bypass various taxing authorities, we count property as owned if it is involved in obvious devices for ownership, like family holding companies or cross-ownership, and sometimes less obvious ones, like certain foundations designed merely for tax avoidance.

One big difference between our billionaire group and what you sometimes see in other magazines is our exclusion of royal families and heads of state. No Queen Elizabeth; no Sultan of Brunei (but see page 264); no Kim Il Sung. For all the charming gossip they generate about harems and fancy palaces, these are feudal fortunes, not capitalistic ones, and so are outside our view.

Note, too, that some foreign business notables who get a lot of press because they are widely assumed to be "billionaires" aren't. (See "A few who failed to make the ...t," page 211.)

Finally, a word on the U.S. billionaires: The net worth estimates given have been updated from our latest listings of the 400 richest Americans to take account of recent stock market prices, but the figures—and the list itself—are preliminary. For our deeper analysis of American billionaires and billionaire families, see the eighth annual Forbes Four Hundred, which will appear in October.

Billionaires per country*



*Plus The Aga Kahn, citizen of the world.

Meanwhile, back in the U.S.A.

The U.S. continues to hold the world lead in billionaires, with 55 identifiable individuals having a net worth estimated at over $1 billion as we go to press. That compares with 41 from second-place Japan—where stratospheric real estate prices account for 18 of the billionaires—and 20 from third-place Germany. But even the 55 are not the whole story. Below are 27 additional American families, comparable to the foreign families included on these pages, who also have combined net worths exceeding $1 billion. They and others will be covered in detail in the eighth annual Forbes Four Hundred, appearing in October.

Sam Walton and family	$8.7 billion
Warren Edward Buffett	$3.5 billion
John Werner Kluge	$3.2 billion
Henry Ross Perot	$3.0 billion
Samuel Irving Newhouse Jr.	$2.6 billion
Donald Edward Newhouse	$2.6 billion
Henry Lea Hillman	$2.5 billion
Sumner Murray Redstone	$2.5 billion
Ted Arison	$2.5 billion
Lester Crown	$2.4 billion
Barbara Cox Anthony	$2.3 billion
Anne Cox Chambers	$2.3 billion
Jay Arthur Pritzker	$2.2 billion
Robert Alan Pritzker	$2.2 billion
David Packard	$2.0 billion
Donald Leroy Bren	$1.9 billion
Adolph Alfred Taubman	$1.9 billion
Harry Brakmann Helmsley	$1.7 billion
Marvin Harold Davis	$1.6 billion
Robert Muse Bass	$1.6 billion
Leslie Herbert Wexner	$1.6 billion
August Anheuser Busch Jr.	$1.6 billion
Samuel Jayson LeFrak	$1.5 billion
Ronald Owen Perelman	$1.5 billion
Keith Rupert Murdoch	$1.5 billion
Donald John Trump	$1.5 billion
Edward John DeBartolo	$1.4 billion
Forrest Edward Mars Sr.	$1.3 billion
Forrest Edward Mars Jr.	$1.3 billion
John Franklyn Mars	$1.3 billion
Jacqueline Mars Vogel	$1.3 billion
Edgar Miles Bronfman	$1.3 billion
Leonard Norman Stern	$1.3 billion
Ray Lee Hunt	$1.3 billion
Charles F. Feeney	$1.3 billion
Carl Celian Icahn	$1.2 billion
Laurence Allan Tisch	$1.2 billion
Preston Robert Tisch	$1.2 billion
Margaret Hunt Hill	$1.2 billion
Walter Hubert Annenberg	$1.2 billion
Stephen Davison Bechtel	$1.2 billion
William Redington Hewlett	$1.1 billion
Kirk Kerkorian	$1.1 billion
Edward Lewis Gaylord	$1.1 billion
William Henry Gates III	$1.1 billion
Charles de Ganahl Koch	$1.1 billion
David Hamilton Koch	$1.1 billion
Harold Clark Simmons	$1.1 billion
Philip Frederick Anschutz	$1.1 billion
David Rockefeller	$1.1 billion
Michael Robert Milken	$1 billion +
Sid Richardson Bass	$1.0 billion
Lee Marshall Bass	$1.0 billion
William Bernard Ziff	$1.0 billion
Donald Worthington Reynolds	$1.0 billion

Additional U.S. family fortunes estimated over $1 billion

du Pont family	$10 billion
Hearst family	$3.8 billion
Mellon family	$3.4 billion
Getty family	$3.4 billion
Dorrance family	$3.1 billion
Cargill/MacMillan family	$2.8 billion
McCaw family	$2.2 billion
Chandler family	$2.1 billion
Bancroft family	$1.9 billion
Phipps family	$1.9 billion
Ford family	$1.7 billion
Lilly family	$1.7 billion
Upjohn family	$1.5 billion
Lauder family	$1.4 billion
Rudin brothers	$1.4 billion
Milliken family	$1.4 billion
Cullen family	$1.3 billion
Nordstrom family	$1.2 billion
Hall family	$1.1 billion
Weyerhaeuser family	$1.0 billion
Blaustein family	$1.0 billion
Weis family	$1.0 billion
Durst brothers	$1.0 billion
Allen family	$1.0 billion
Hoiles family	$1.0 billion
Bacardi family	$1.0 billion
Wattis family	$1.0 billion

THE AMERICAS

Finally, some bad news for drug lords

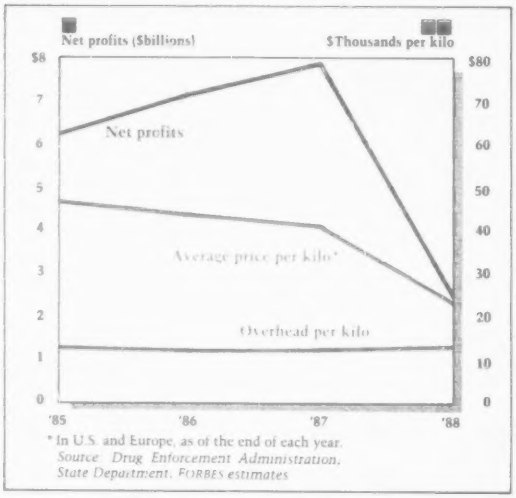
Eventually it happens to any growth business: Profit margins get squeezed. Judging from key U.S. government data on the cocaine trade, it's happening now to the billionaire drug merchants on these pages. FORBES calculates profits have plunged by almost 70% since 1985. Today's profits are still enormous: The cocaine cartels' net margins are probably 40%. But margins used to be on the order of 70%.

What's causing the squeeze? Since 1985 the average price per kilo in the U.S. has been cut nearly in half, to $22,500 (wholesale) last year. While rising sales volume has made up for some of the squeeze, worldwide production of coca in the key supplier countries—Peru, Colombia, Bolivia, and Ecuador—has increased by only one-third, meaning there simply isn't enough cocaine alkaloid available to expand supplies that much. Meanwhile, delivery costs are rising, delivery costs including such items as hiring gunmen and paying off crooked officials.

Cocaine prices in Europe, once $55,000 a kilo, are still ahead of U.S. prices, but are now dropping even faster than they have in the U.S., where they have stayed firm so far this year. Meanwhile, seizures in the U.S. and Europe have more than doubled since 1985, to almost 60 metric tons last year, costing traffickers some $600 million—which also increases overhead. And this year seizures are up again.

The best drug news of all is this: There are signs that demand for cocaine in much of the U.S. is actually shrinking, mainly because more people are realizing that drugs are a dangerous plaything. Coke has gone out of fashion on Wall Street, in Hollywood and around Biscayne Bay. According to an annual University of Michigan survey, this year 8% of high school seniors nationwide said they use cocaine. That is a sickeningly high figure. But it's down from an even worse 13% just two years ago. Crack use also fell, to 3.1% from 4%.

Maybe that's why Colombia's vicious lords are investing in farmland. It's not that they are going straight, just diversifying against market risk.—**Claire Poole**



* In U.S. and Europe, as of the end of each year.
Source: Drug Enforcement Administration, State Department, FORBES estimates

COLOMBIA

GONZALO RODRIGUEZ GACHA
Gacha For Warlord

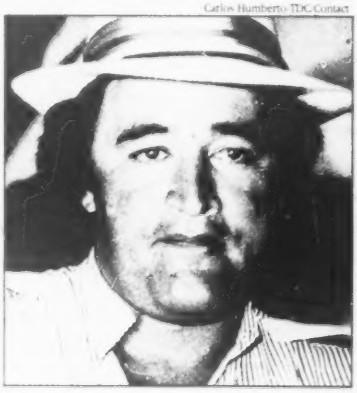
On May 1 Rodriguez Gacha's 19-year-old son, Freddy Gonzalo Rodriguez Salades, was arrested at the Medellín airport. No cocaine was found on the small aircraft he was piloting. But an arsenal of firearms was. He was released last month on a technicality—is anyone surprised?

The Gachas kill people for a living—mostly with cocaine, but also with guns. Their huge drug profits have started flowing into legitimate businesses: Over the past decade Gacha and other "narco ranchers" have invested billions in Colombian real estate—by one estimate, about one-twelfth of its productive farmland.

Gacha's henchmen are also taking over local politics. In mayoral elections last year in the Magdalena region, Gacha associates gained control of five city governments. Heavily armed, Gacha now has a base for what could become a new drug quasi-state.

Their influence reaches even into New York City. Undercover Drug Enforcement Administration agents last July arrested three members of Gacha's New York distribution network, seizing 1,350 pounds of pure cocaine. This upset "the Mexican," as Gacha

Carlos Humberto-TDC/Contact



Gonzalo Rodriguez Gacha

is called. Three months later New York Mayor Ed Koch and Robert Stutman, who heads the DEA's New York office, became the objects of three Gacha-hired hitmen, who were arrested in midtown Manhattan.—**Claire Poole**

OCHOA FAMILY
Still At Large

The Colombian authorities let cocaine capo Jorge Luis Ochoa Vasquez get away twice—in 1986, when he was extradited from Spain and later set free, and in 1987, when he bought his way out of jail with the help of a bumbling Bogotá prison official.

Jorge Luis Ochoa Vasquez

Last year Ochoa apparently had good luck with U.S. authorities, too. Richard Gregorie, former chief assistant U.S. Attorney in Miami, says the State Department scrapped a plan to lure Jorge and his brother, Fabito, into a neighboring country, which was to arrest them and then hand them over to the U.S. But, says Gregorie, the U.S. ambassador to the participating country, claiming concern for the safety of Americans doing business there, "had a fit" when he learned of the plan, and quashed it. "It was the last straw," says Gregorie, who quit to go into private law practice.

FORBES has learned the country was Venezuela; the ambassador, Otto J. Reich. Reich won't confirm or deny that he was involved, but asks rhetorically: "If we had an opportunity to capture a major drug trafficker in a well thought out operation with full cooperation of the host country, do you think we would give it up?"

Jorge Ochoa, like his cartel cohort Gacha, is expanding in the New York area to further increase his family's estimated $2 billion in accumulated drug profits. On Long Island last summer the DEA seized 6,000 pounds of cocaine, worth around $500 million on the street, hidden in cartons labeled "unsweetened Ecuadorean coca chocolate." Ochoa's markings apparently were on them.—**Claire Poole**

PABLO ESCOBAR GAVIRIA
Presidente Don Pablo?

Escobar Gaviria's former partner, Carlos Lehder, is in a U.S. jail, but Escobar, the notorious head of the Medellín cocaine cartel, proves elusive as ever. Last February Colombian authorities, in Operation Primavera, busted 26 cocaine manufacturing sites and confiscated 1.3 tons of cocaine in both base and finished form as well as enough chemicals to make 104 tons more. But at Escobar's Hacienda Napoles, near Medellín, the cops found little more than the drugster's three caged elephants. Escobar, as he had done a dozen times before, escaped again.

Not so lucky was Felix Gallardo. He was Mexico's biggest drug lord, and trafficked for Escobar. Gallardo, caught at his Guadalajara home in April by Mexican authorities, shipped more than 4 tons of cocaine across the U.S.-Mexico border each month.

The best way to stop Escobar from further adding to his wealth—now estimated at more than $3 billion—is to find and arrest him, and extradite him to a U.S. court he can neither buy nor intimidate. But even the State Department admits that extradition isn't likely. Colombia hasn't even properly ratified its extradition treaty, which was suspended in 1987.

When will the extradition treaty be ratified? Probably not soon. As Escobar late last year told a young woman reporter who managed to find him when government forces couldn't: "The people accused of drug trafficking are the only ones investing in our country. It'll be shown that the people are for legalization [of drugs] and amnesty [for traffickers]." It sounded as if Don Pablo were running for *presidente*.—**Claire Poole**

Pablo Escobar Gaviria

VENEZUELA

THE CISNEROS FAMILY
Venezuelan Cosmopolites

★ One of Venezuela's richest families, the Cisneros brothers have been expanding their interests overseas for most of this decade. Last year they acquired 7% of the U.K.'s Mountleigh Group and 4.3 acres of London real estate, including Paternoster Square, an office and retail complex next to St. Paul's Cathedral. Now the Cisneros boys are looking for local partners to help with the development. Gustavo Cisneros, 44, the current family patriarch, explains: "With the Common Market opening up, we believe London will be the most exciting real estate market in the world. So we are trying to locate partners from whom we can learn."

Gustavo and Ricardo Cisneros

In the U.S. the Cisneros brothers have bought Questor Corp., which includes Spalding, the sporting goods company, and Evenflo baby products. They are licensing the Spalding name worldwide, especially in Japan and the Far East.

But the brothers have not turned their back on their own country, and recently invested $280 million for 40% of a local aluminum processor. Says Cisneros, "Venezuela is really like Korea was 10 or 15 years ago."

Like most capitalists in the developing world, the Cisneros family came from humble beginnings. In 1929 Diego Cisneros was a teenager working for a car dealer in Caracas. He borrowed money to buy a chassis for an old dump truck, which he converted into a bus that was the beginning of Organización Diego Cisneros. The big break came in 1940 when Diego and his brother Antonio won the Pepsi franchise for Venezuela, sweetened it to local tastes and undercut Coca-Cola on price. Pretty soon Pepsi was number one in Venezuela, and the Cisneros' company was the

largest independent Pepsi franchise in the world. With the cash flow, Diego branched out in all directions. The founder died in 1980, but Organización Diego Cisneros now touches almost every part of Venezuela—media, supermarkets, beverages, baby food, health and beauty aids, records, packaging, and the former Sears' stores (now called Maxy's). Later came exclusive rights to Apple Computer and Digital Equipment, and Burger King and Pizza Hut franchises.

Gustavo runs the business with his brother Ricardo, 40. A cosmopolite who travels the world with a personal fitness trainer and owns Richard Nixon's old Fifth Avenue apartment, Gustavo and his family are new to our list this year. Estimated family fortune: $1.2 billion.—**Claire Poole**

BRAZIL

ANTÔNIO ERMÍRIO DE MORAES AND FAMILY

Businessman Of The Decade

Brazil should prepare "for the worst," Antônio Ermírio de Moraes warned in a press conference in Brasília late last year. "As in 1964, the specter of a military coup prowls around the presidential palace because of the civilian government's inability to overcome the economic crisis."

Belying his pessimistic outburst, Ermírio continues to show great confidence in Brazil's future. Ermírio's family's Votorantim is the largest industrial group in Brazil. The $2 billion (revenues) company last year acquired a paper company, announced construction of a brand-new hydroelectric plant (the group already has at least 18 in operation), and entered the orange juice business, where it expects to produce 100,000 tons a year.

Augusto Fe/Picture Group

Antônio Ermírio de Moraes

Last year *Gazeta Mercantil*, Brazil's leading business publication, elected Ermírio "Businessman of the Year." It was the tenth year in a row he won the award.

Votorantim was founded in 1918 by Antônio Pereira Ignácio, a Portuguese shoemaker. Today the group is equally owned by four members of the third generation. They are Antônio, 61, and his three siblings: José Ermírio Jr., Ermírio Pereira and Marie Helena (represented by her husband, Clóvis Scripilliti). Behind them are 23 cousins eligible for running the $1.5 billion family fortune.—**Patrice Duggan**

ROBERTO MARINHO

Press Lord

Nothing better illustrates the growing sophistication of Third World economies than this: Roberto Marinho, one of Brazil's biggest capitalists, is invading Europe. His company, Globo, has been exporting its *novelas* (soap operas) to some 90 countries (they're dubbed or subtitled). Now Globo wants partners in Europe. The aim is to grab more of the EEC's TV programming market by 1992. Globo is trying to sell the *novelas* to Japanese TV networks (nearly a million people of Japanese descent live in Brazil).

Claus C. Meyer/Black Star

Roberto Marinho

In the 1920s Marinho was writing editorials in Brazil's most important newspaper, *O Globo*, founded by his father. Today he has a more powerful outlet: his Rede Globo TV network, a near-monopoly in Brazil and the fourth-largest network in the world (after ABC, CBS and NBC in the U.S.). Beyond media, Marinho's Globo Organization, based in Rio de Janeiro, owns cattle ranches, shopping centers, a major art collection and much more. Early this year Marinho joined Bahrain-based Arab Banking Corp. (one of Brazil's creditors) to form an investment bank in Brazil.

Privately owned Globo Organization's revenues are estimated at close to $1 billion. After Roberto? Of his three sons, Roberto Irineu Marinho is believed the most likely to succeed his father.—**Patrice Duggan**

SEBASTIÃO CAMARGO

Confident In Brazil

Camargo's $1.3 billion (1987 net assets) construction and engineering conglomerate, Camargo Corrêa, has taken part in Brazil's hugest projects: Brasília in the 1950s; Itaipu, one of the world's largest hydroelectric plants, in the 1970s; and the Amazon hydroelectric plant, Tucuruí, in the 1980s.

Luiz Dantas/Editoria Abril

Sebastião Camargo

In 1987 Camargo Corrêa, long close to Brazil's political powers, had revenues of $2.4 billion.

Now 80, Camargo, who lives in a heavily guarded house in São Paulo, is planning for the 1990s. This year the state of São Paulo announced he had offered to purchase Viação Aérea de São Paulo, a state-owned airline. He is also building a $30 million shopping mall in a wealthy São Paulo neighborhood, where civil disorder and economic disarray seem distant.

Camargo, one of ten children born to a farmer, built the company from scratch out of a small subcontractor he and partner Sylvio Corrêa (who died in 1965) founded in 1938. Today Camargo Corrêa has 33 companies and some 40,000 employees. Camargo hasn't announced retirement plans, but the line of succession is set: Married 43 years, Camargo has three daughters. All of their husbands are in the company.—**Patrice Duggan**

MEXICO

GARZA SADA FAMILY

The Way In Monterrey

The Garza Sada/Garza Lagüera clan is recuperating from Mexico's economic crisis of the early 1980s. They have renegotiated their foreign debts and are again investing in their country.

With the complex restructuring, the family has had to give up some equity. But the value of their holdings in the Monterrey Group, as the overall empire is known, still comes to about $1.9 billion. Alfa is the family's steel and petrochemical combine

SIPA

Bernardo Garza Sada

(sales, $1.6 billion). Visa is its beer (Dos Equis, Tecate) and packaging business ($1.1 billion).

With their balance sheets tidied through these equity-for-debt swaps, the Garza Sada enterprises are on the move again. Cydsa, their fibers and plastics concern, bought the remaining 40% in Mexican resins maker Policyd from BF Goodrich, and Alfa acquired Temex, a petrochemical company, from the Mexican government for $200 million. Like Mexico itself, the Garza Sadas seem to have come through the economic crisis bloody but not beaten.—**Claire Poole**

CANADA

KENNETH COLIN IRVING
Lord Of The Maritimes

"Irving owns practically all of New Brunswick," says Montreal money manager Stephen Jarislowsky. "It's one of the last feudal states in the world." Maybe not feudal, but certainly powerful and integrated.

Peter Redman/The Financial Post

Kenneth Colin Irving

Based in St. John, N.B., Irving—vigorous at 90—his three sons and now grandsons preside over a vertically integrated timber and oil empire estimated to be worth $6 billion, and certainly over $4.5 billion. The Irvings get wood from their 3-million-plus acres of timberland; cut it at their sawmills or run it through their pulp mills; ship it in their trucks or ships fueled with gasoline or diesel fuel from their refinery; and reveal what they want to (very little) in their newspapers. As one source close to the family puts it: "They are always their best customers." Their St. John Shipbuilding continues work on a $5 billion frigate contract awarded for the Canadian navy in 1983. All this from K.C.'s original gas station in the 1920s.

The Irvings also make wood products, from tissue to deck furniture. The new U.S.-Canada Free Trade Agreement will soon let them export finished goods tariff-free to the U.S.

Last December Irving Oil bought out Chevron's 49% stake in the New Brunswick refinery. There is no shortage of customers for the refinery's output: Irving Oil owns some 3,000 gas stations in Canada and over 100 in Maine. Last fall the Irvings bought a station in New Hampshire; industry observers speculate that the Irvings will build a gas station chain that will one day stretch down I-95, all the way to Key West, Fla.—**Katherine Weisman**

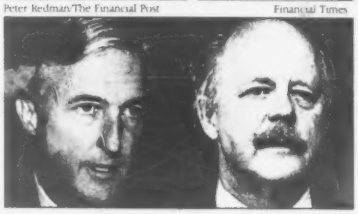
GALEN AND GARRY WESTON
Rich Brother, Richer Brother

Brothers Galen and Garry Weston are the third generation of their family to preside over an empire now worth some $2.5 billion.

Galen Weston, 48, runs Toronto-based George Weston Ltd., a consumer products, natural resources, food-processing and distribution firm. In Canada's western and prairie provinces, he's had luck opening European-style hypermarkets—sprawling emporia that sell everything from food to furniture to lawn mowers. But when his Loblaw Cos. opened 13 hypermarkets in Ontario and other eastern locations, they bombed.

In the sparsely populated western areas families drive long distances to stock up every two weeks; they're grateful to shop at one store. Easterners enjoy more choices and are unlikely to buy everything in one place. The eastern fiasco caused Loblaw's operating income to fall last year and Weston has broken up some stores, retaining some space for supermarkets and leasing out the rest to Zellers, a department store chain owned by Hudson's Bay, which is also struggling *(see Thomson, below)*. Quite possibly, Weston has hit a limit on hyperstores in North America.

Peter Redman/The Financial Post Financial Times



Galen and Garry Weston

Garry Weston, 61, lives in London, where Galen often visits to play polo with Prince Charles. Garry's assets include $2 billion in cash he received from selling some pieces of the family's Associated British Foods, like the recent sale of his 15% stake in Gateway Plc. for $485 million. Weston will probably be a serious but prudent bidder at sales of RJR Nabisco—and other—properties.—**Katherine Weisman**

KENNETH ROY THOMSON
Back To Basics?

A billionaire six times over, Lord Thomson of Fleet Street has yet to wring profits from his family's investment in Hudson's Bay Co., the Canadian department store chain. The Thomsons paid about $500 million for a 73% stake a decade ago—about what the investment is worth today.

Elsewhere, all is well in the family's enormous media and leisure-time conglomerate. The Toronto-based company, founded by the present

Peter Sibbald/Picture Group

Kenneth Thomson

Lord Thomson's father, owns nearly 200 U.S. and Canadian papers, including Toronto's *Globe and Mail* and the *American Banker*. Its travel agencies in Britain have a 30% share of the U.K. package tour market.

The first Lord Thomson died in 1976 and was succeeded both as chief executive and to the title by his son

Kenneth, now 65. The old man built up North Sea oil assets in the early 1970s, which were sold this year. Profits from these operations helped Kenneth expand the profitable media and travel businesses. The present Lord Thomson has just merged his public Canadian and British companies, making the Thomson Corp., a single entity easily big enough to bid against the likes of Robert Maxwell or Rupert Murdoch. Thomson and family own 68% of the new media combine.—**Katherine Weisman**

ALBERT, PAUL AND RALPH REICHMANN

Aggression Rewarded

"Aggressive" best describes how the Reichmann brothers, still in their 50s, play real estate. Their Olympia & York owns over 30 million square feet of office space in North America, a stock portfolio nearing $5 billion, and a project under way in London that

Paul Reichmann

will cost some $6 billion. In just three decades the Reichmanns have built from scratch a fortune now worth an estimated $8 billion.

The London project is Canary Wharf—12 million square feet of new prime office space under construction. It will include London's tallest building, plus areas of shops and restaurants. It's risky. The Wharf is outside the City, London's financial district, and existing and planned transit lines may not be able to handle the projected crush of office workers. Olympia & York is waiting for the Thatcher government to approve new road and underground plans to Canary Wharf. As Paul Reichmann puts it: "We believe that London will be the best office market in the world over the next 10 to 20 years."

Meanwhile, back in North America more risks. O&Y now has a 25% stake in troubled Campeau Corp. If the stock stays low, or if Campeau gets into trouble, the Reichmanns may buy more and end up controlling all of the Federated and Allied department stores. —**Katherine Weisman**

CHARLES BRONFMAN

Eclectic Investor

In April 1987 the Bronfman family's CEMP trust was dissolved, effectively breaking the Bronfman whiskey fortune in two parts. Chairman Edgar Bronfman is based in New York and still calls most of the shots at Seagram, the family company. His younger brother, Charles, Seagram cochairman, is based in Montreal and has

Charles Bronfman

been busy investing the more than $250 million in cash he received from the trust.

Headquartered in Montreal, his Claridge Inc. owns 30% of Cineplex Odeon and a big stake in Crowntek Business Centres, Canada's second-largest distributor of microcomputers. National Claridge, a C$100 million joint venture with Montreal's National Bank of Canada, invests in new or young companies.

"Our interest is in businesses with existing good management that need money for expansion or growth," says Claridge President James Raymond. "We are not venture capitalists, we are merchant bankers. It has to be an existing business with a proven record and good management."

Claridge is only the tip of Bronfman's wealth. He is altogether worth $1.5 billion, most of it Seagram stock. He also takes an active interest in baseball's Montreal Expos, which he owns.—**Katherine Weisman**

EATON FAMILY

No Haggling

★ Timothy Eaton was an Irish farmboy who immigrated to Canada in 1854, and set up shop trading with his brother James in the frontier towns of Kirkton and, later, St. Marys, Ont. In 1869 Timothy and his wife, Margaret, moved to Toronto and opened a dry goods store. Unlike other merchants of the time, Eaton refused to haggle and insisted on selling his goods for cash at one price. He offered an unheard-of guarantee: "Goods satisfactory or money refunded." But he indulged eccentricities. He refused to stock liquor and cigarettes. He challenged traditional shop hours with a 6 p.m. Saturday closing when most stores stayed open until 10 p.m. His wife helped choose the fashions offered to women customers—who flocked to the store.

Eaton's competitors swore he would fail quickly. He didn't fail, but Eaton's nationwide success has been a case of slow, steady, long-term growth, with the first expansion not coming until 1905. Today there are 104 Eaton's stores across Canada, doing an estimated annual volume of $2 billion. And the company, worth at least $1 billion, is still family-owned.

The T. Eaton Co. is now run by four great-grandsons: Board Chairman Frederik Eaton, 51; John Craig Eaton, 52; Thor Eaton, 47; and George Eaton, 44, president.

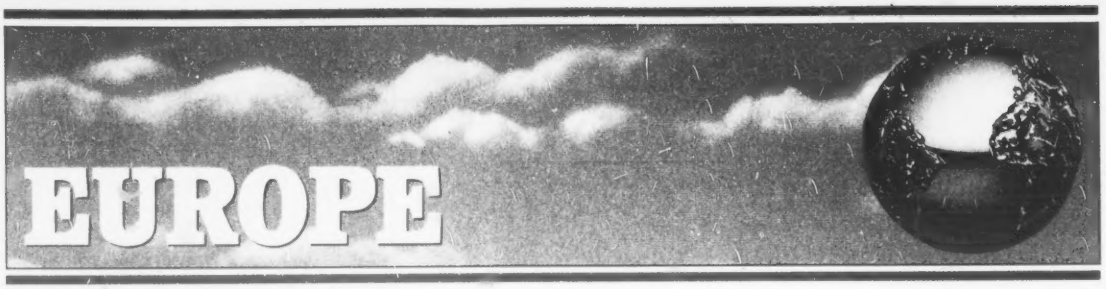
The heirs are astute businessmen. For a decade they have been closing older freestanding stores and opening new stores in regional shopping centers or multi-use city malls. Wisely, they often build the malls, mostly in joint ventures in which they retain equity of 20% to 33%; they keep debt low. The city centers, typically in the middle of downtown, have been extremely successful. The million-

John Craig and Frederik Eaton

square-foot flagship store is the Toronto Eaton Centre, a joint venture with Cadillac Fairview and Toronto Dominion Bank. With two office towers in it, a third under way and some 40 shops, the center generates sales of C$650 per square foot, twice the mall average in Canada.

The Eatons also own just over 51% of publicly traded Baton Broadcasting, a national TV and radio broadcaster; that stake is worth $155 million.

Four generations of family ownership—quite a record. And it shows no signs of ending: A great-great-grandson has worked for Dillard Department Stores in the U.S. to get outside training.—**Katherine Weisman**



UNITED KINGDOM

ROBERT MAXWELL

Now, Make $3 Billion $5 Billion

Robert Maxwell insists that Maxwell Communication Corp. will become one of the world's top ten media empires and have sales of at least $5 billion by the end of 1990. He is in the top ten by some counts. But even after his recent acquisitions of Macmillan

Derek Hudson Sygma

Robert Maxwell

Publishing Co. Inc. (for $2.6 billion) and of Dun & Bradstreet's Official Airline Guides ($750 million), Maxwell Communication figures that net of disposals, revenues will come to just over $3 billion—Maxwell is selling some assets to reduce debt.

Although he was constantly in the public prints, 1989 does not shape up as a perfect year for the Czechoslovakia-born British billionaire. He has so far failed to launch his much-publicized pan-European, English-language newspaper. "English," he says, "is not yet the lingua franca of Europe." He adds that Berlitz, the language teaching and translation business that came with Macmillan, was "one of the reasons we bought Macmillan."

Seems Maxwell's attention is shifting to the non-English-speaking world, as he strives to build his planned global media giant. He says he is currently negotiating partnerships in Japan, Italy and Germany; this spring he tried, unsuccessfully, to buy the *Jerusalem Post*. Maxwell says he intends to invest up to $150 million in Eastern Europe. "My successors in the next century will be grateful that we have taken certain positions in those countries," he says.

Successors? Is Maxwell, now 66, thinking of selling out? "Maxwell is 52% owned by the Maxwell Foundation and myself," he snaps. "We will necessarily be the surviving partner."—**Katarzyna Wandycz**

OCTAV BOTNAR

Life Begins at 51

★ Japanese cars have elevated this Briton of Eastern European extraction to billionaire status for the first time this year. Botnar was a late starter but a quick riser. He arrived in England in 1966, age 51. He was an employee of NSU, a German car and motorcycle group since merged with Audi that had the exclusive right to distribute Nissan cars in the U.K. When NSU pulled out of Britain, it gladly sold the rights to Botnar.

Twenty years and 1.5 million cars later, Botnar's Nissan U.K. Ltd. supplies 7% of England's cars and netted £86 million, over $130 million, last year. His distributorship is easily worth $1 billion. In addition, Botnar owns land at the ports of Bristol and Teesside, where the cars are unloaded, the trucks to haul the cars, 200 of the U.K.'s 400 Nissan outlets, and the finance subsidiary, which is bigger than England's Ford Motor Credit. So airtight are Botnar's distribution rights that even Japanese Nissan executives at the plant must lease their company cars from him.

Financial Times

Octav Botnar

By all accounts, Botnar is a fierce autocrat who pays his employees highly. Still very active inside his company, he maintains a low profile outside it. He lives mostly in his house near company headquarters in Worthing, about 55 miles south of London, and keeps homes in London, Lausanne, and on the Costa Brava in Spain. His interests include military history, classical music and gardening. A charity named for Camelia Botnar, the 14-year-old daughter he lost in a car accident, teaches inner-city children about agriculture.

With no apparent heir, what will happen to the company after Botnar, who is now 74? Replied one employee: "He works a full day now, and we're a long way from worrying about that."—**Philip Glouchevitch**

DAVID SAINSBURY

Taking Charge

Most British retailers have fared poorly when they ventured overseas. But J. Sainsbury Plc., Britain's leading (1989 sales, $9.2 billion) grocery store chain, has decided to have a go anyway. By July 1987, Sainsbury completed its acquisition of Shaw's Supermarkets Inc. (1988 sales, $1.4 billion). Based in East Bridgewater, Mass., Shaw's has 61 stores throughout New England.

At home in Britain, there are 400 Sainsbury's stores selling groceries, do-it-yourself and household goods. Now in England and Wales, Sainsbury's next move will likely be Scotland. As 1992 draws near, European companies will be vying for position in markets across Europe. French and German supermarket and hypermarket chains are even bigger than Sainsbury's, and get by on margins of 1% or less—about one-third the level of Sainsbury's net margins. Should the continental food chains move into the

Topham/The Image Works

David Sainsbury

British market, Sainsbury's would probably be forced to cut prices—a form of competition to which Sainsbury's (and other British grocers) are unaccustomed. Much depends on how David Sainsbury, 49, the current deputy chairman, handles the transition. But with his father and uncle as company presidents, and his cousin, Lord Sainsbury of Preston Candover, as chairman, the $3 billion family stake is safe.—**Katarzyna Wandycz**

GERALD CAVENDISH GROSVENOR

Westward Ho!

Descended from William the Conqueror, Gerald Cavendish Grosvenor—sixth Duke of Westminster—oversees his family's $3-billion-plus real estate portfolio. The holdings have been concentrated in buildings in London's Mayfair and Belgravia, and in English and Scottish agricultural land. Lately, the duke, 37, has been increasing his overseas exposure. These investments are made through his Vancouver-based international affiliate, Grosvenor International Holdings Ltd. GIH owns over 70 prime commercial properties outside Britain, primarily in English-speaking countries. It invests through some 30 development and investment partnerships and co-ownerships, mainly with U.K. pension funds as well as Teachers Insurance & Annuity Association in New York.

GIH has invested heavily in the U.S. and Australia, but its preferred city,

Horner Sykes/Camera Press

Gerald Cavendish Grosvenor

reports Vice President David Fitzgerald, is Vancouver—"Canada's biggest warm-water port," he says. With thousands of well-heeled Hong Kong Chinese pouring in—including billionaire Li Ka-shing, whose consortium won a bid to develop the 200-acre Expo site—the city is booming. GIH has 24 buildings there, and plans to build more.—**Katarzyna Wandycz**

LORD VESTEY AND EDMUND

National Butcher

Half the butcher shops in England have closed in the last 20 years and a quarter of the rest are expected to close soon, victims of the spread of the supermarket. Bucking the trend is J.H. Dewhurst Ltd., the Vestey Group's 1,400-outlet butcher shop chain—one of England's only remaining national retail butchers. Dewhurst has been installing ovens to prepare cooked meats in its stores. Colin Cullimore, who runs Dewhurst for the close-knit Vestey clan, has reportedly vowed to double Dewhurst's turnover and market share over the next seven years. If he can pull it off, the Vesteys, already worth at least $2 billion, will be richer still.

And their meatpacking plants will

Topham/The Image Works

Lord Vestey and Edmund Vestey

have an even larger captive market. The Vesteys also own Union International Plc. (annual turnover, $1.8 billion), which operates major meatpacking plants in Britain; these supply Dewhurst shops as well as the newly popular supermarket meat counters. There are cattle ranches and meatpacking and processing operations, as well as assets in countries on five continents.

The Vestey meat empire, about 100 years old, is run tightly by Lord Vestey (Samuel), 48, and his cousin Edmund, 57.—**Katarzyna Wandycz**

SIR JOHN MOORES

Waiting Out The Cycle

At 93, Sir John Moores is surrounded by speculation that he might take his Littlewoods Organisation Plc. public, so as to facilitate the handling of his estate. A public offering of the soccer pools operator and retail chain was, in fact, rumored last year. But then interest rates climbed and retail sales dropped, and the public offering never happened.

From a financial standpoint, Sir John can certainly afford to wait out the cycle. Selling mainly moderately priced apparel and household goods, the Littlewoods retail chain grossed over $918 million last year—though fierce competition this year will probably cut margins sharply. So far, net margins at Littlewoods' huge home shopping business are holding up nicely at around 6%. Then there's Moores' near monopoly in Littlewoods Pools (a British football betting concern), which he founded in 1923 as his first and most recession-proof business. Understandably, Moores does not want to sell off a life's work in an unsympathetic stock market.—**Katarzyna Wandycz**

ITALY

AGNELLI FAMILY

Arrivederci, Vittorio

With their wealth now estimated at around $3.7 billion, the Agnellis are strengthening their diversified activities. It is a logical decision: Their Fiat Auto has about 15% of the Common Market's auto sales (and 60% of the Italian market), but Japanese carmakers are building plants in Europe in preparation for 1992. In the face of this new competition, patriarch Giovanni Agnelli reigns over a company, Fiat SpA, that makes everything from pacemakers to airplane engines.

Recently, Fiatimpresit agreed to buy Italy's Cogefar to become one of Europe's largest civil engineering and construction firms. Another subsidiary, Maretti Marelli, became one of Europe's largest auto parts makers by buying a majority of France's Matra—if you can't compete with the Japanese, maybe you can sell them parts.

S. Sparavigna-Fortuna/Grazia Neri

Giovanni Agnelli

And, in February, Fiat listed its ADRs on the New York Stock Exchange; this could prove especially useful in financing U.S. deals.

Fiat SpA still gets over half its sales and operating profits from Fiat Auto, the automotive subsidiary. But non-auto operations will probably soon equal Fiat Auto's operations. This is the more likely given the surprise departure last November of Vittorio Ghidella, Fiat Auto's brilliant managing director, who masterminded Fiat Auto's recovery in the 1980s. Agnelli-watchers interpreted this as a sign that the family would shift future investments from the auto industry to elsewhere.—**Katherine Weisman**

The Benettons

BENETTON FAMILY
United Markets Of Benetton

With 700 little Benetton sweater shops now licensed in the U.S., and with Benetton Group SpA stock recently listed on the NYSE (Tokyo next year), do they finally know what they're doing in America?

Yes, says Frank Garcia, a hard-nosed lifelong retailer who's holding on to his 23 Benetton licenses in Florida. Benetton had made mistakes, Frank allows. Too many inexperienced licensees along with company high-handedness drew many complaints and lawsuits. The FTC is investigating. Garcia himself laughs—now—at getting his Christmas shipment after Christmas, and finding too many woolen goods, which don't sell in sunny Florida. But Garcia says Benetton has been listening to the experienced retailers: "I'll be able to buy fall colors in cotton."

The Benettons' education has been expensive. In 1988 earnings were flat, while other Italian public companies averaged 20% gains. Hoare Govett analyst Francesca Lolli says Benetton's market has peaked: Younger shoppers are decreasing in number. Older shoppers? "People between 25 and 35 wear casual clothes only on weekends, if they are lucky." So Benetton shoes, underwear, perfume, even home furnishings, are now available at Benetton stores.

The four Benetton siblings parlayed a genius for color, design and a network of small shops into a global phenomenon worth $1 billion. They expect their diversification into financial services (through the family holding company, Edizione) to reach the break-even point this year. And there's the newly acquired Nordica, the ski-boot maker, with 26% market share worldwide, which could let Benetton add fashion-plate skiwear and accessories to go along with the boots. Synergy city. Now you can throw on a sweater, go skiing and be insured all by the same family.—**Katherine Weisman**

"The good drawing room"

Few big deals happen at the top of Italian business without the approval—if not participation—of Italy's premier investment bank, Mediobanca. "Mediobanca has some very powerful friends who are part of a very powerful group," says S.G. Warburg's Tim Orchard. "It's a roll call of who's who in corporate Italy." With all the ongoing merger and acquisition activity in anticipation of 1992, Mediobanca's profile in the rest of Europe and in the U.S. is certain to rise.

Mediobanca's board of directors includes billionaires Giovanni Agnelli, Raul Gardini and Salvatore Ligresti, among others. The traditional director from outside Italy, sent by Lazard Frères & Cie., is Lazard partner Antoine Bernheim.

This commercial power center was established in 1946 by the three state-controlled commercial banks because Italian banking law barred commercial banks from lending medium- and long-term, and from underwriting securities. Enrico Cuccia, now 81, who has headed Mediobanca since its founding, courted the likes of Agnelli, and created what Italians call *Il Salotto Buono*—literally, "the good drawing room." Under Cuccia's careful eye, Italy's corporate elite could quietly meet. Cuccia's present title is "honorary chairman," but few deals are done without his involvement.

Headquartered in Milan, Mediobanca works strictly with Italy's biggest companies. It arranged the merger between Montecatini and Edison—to become Montedison *(see Gardini)*—in 1966. It was responsible for introducing Cesare Romiti to Fiat *(see Agnelli)*, which led to that company's dramatic turnaround after 1980. Like any merchant bank worthy of the name, Mediobanca often takes principal positions itself, and may supply management as well; its backing of and participation in a deal is considered the ultimate stamp of approval.

Today, Mediobanca's assets exceed $7 billion, including $2 billion worth of stock in Italian blue-chip companies, including Fiat, Montedison, Pirelli and Olivetti. And the corporations have acquired pieces of the bank: The state-owned banks kept a controlling 50% until November 1988, when they cut back to 25%.

For all its power and glory, Mediobanca faces a challenging future. Last month Cuccia was indicted with other officers for falsifying financial statements. He has pled innocent; a trial has not yet been scheduled.

More worrying, other investment banks are now active in Italy. These banks—they include Euromobiliare, SIGE and Akros Finanziaria—know they cannot play on Mediobanca's turf. One competitor even fretted to FORBES, "It's difficult to talk about Mediobanca without having some [unpleasant] side effects." But these firms can and do increase their market share by concentrating on Italy's smaller firms.

With 1992 coming, it is likely that foreign investment banks will try to expand their Italian business. But so far Mediobanca doesn't face much foreign competition. Explains a London-based Salomon Brothers spokesman: "It's much easier in Italy to do business as an Italian. Companies are usually family-owned and there are regional customs." And Mediobanca probably won't stray on its own outside Italy.

But as Fiat, Olivetti, Montedison and other established Mediobanca clients continue to expand globally, or if big foreign firms want into Italy, Mediobanca will have to oblige. A new age is dawning, and Mediobanca's Cuccia will have to step nimbly.—**Katherine Weisman**

SALVATORE LIGRESTI
Established

Ligresti has come a long way from his humble Sicilian roots. Through his Milan-based holding company, Premafin, the Ligresti Group controls construction, real estate development, hotels, hospitals, even fine china. Ligresti's Grassetto SpA is a huge construction firm founded in 1902 that has built everything from massive public works and public housing to the luxurious complexes at the Aga Khan's Costa Smeralda resort in Sardinia. Recently, it won the contract for Bologna's new airport. Privately owned and publicly traded, Autostrada Torino-Milano is the main highway between these northern industrial cities; Ligresti owns 50% of the toll road. Then there's SAI, the big insurance company he turned around from

Sergio Ferraris/Marka

Salvatore Ligresti

near-bankruptcy. And looking toward 1992, SAI has formed a partnership with France's big state-owned GAN. On top of all this, Ligresti, 57, has made a fortune in real estate.

A few months ago Ligresti drew a 22-month prison sentence for obtaining a building permit through influence peddling. The sentence is currently under appeal. Meanwhile, Ligresti sits on the board of ultraestablishment Mediobanca, and is preparing to take his Premafin holding company public on the Milan stock exchange this fall.

Estimated net worth around $1.1 billion.—**Katherine Weisman**

FERRUZZI FAMILY
The First Farmer In Europe

When last we wrote about Raul Gardini, he was restructuring his family-owned Gruppo Ferruzzi, tearing apart Montedison, the giant conglomerate it controls, and sowing dismay on the Milan stock exchange. In effect, he asked Montedison stockholders to pony up for a subsidiary they figured they already owned and to buy shares in an unknown entity. Even with Mediobanca at his side, the vaguely presented plan was mistrusted.

F. Scianna/Magnum

Raul Gardini

Now the dust has settled. The unknown entity, Ferruzzi Finanziaria (Ferfin), the family holding company, is itself listed in Milan. The subsidiary, Iniziativa ME.T.A., formerly a publicly quoted financial services and retailing concern, went to Ferfin. A ME.T.A. subsidiary, the Standa retail chain, was sold for $650 million to TV magnate Silvio Berlusconi. The Ferfin stock offering went off well, and its shares are up 9% since September.

Montedison is again a pure chemical firm, its former $6 billion debt much reduced, and has formed a joint venture with state-owned ENI, in which they will combine most of their assets and rationalize them, creating Enimont, the ninth-largest chemical company in the world, the better to deal with 1992. The agreement gives Montedison the option to gain control of Enimont by 1992; Gardini says he intends to exercise it.

With all this, it's easy to forget Gardini is not nicknamed Il Contadino—the farmer—for nothing. Agro-industry is the family's roots: He is a son-in-law of the late Serafino Ferruzzi, who built a big, secretive empire out of the ruins and shortages of postwar Italy, and ran it until his death in a plane crash in 1979, whereupon Gardini, now 56, became undisputed family head.

According to Kleinwort Benson's Enrico Ponzone, "In Europe, they are number one [in agriculture], which brings them huge bargaining power in Brussels." Having acquired the U.S.' Central Soya in 1987, and 58% of France's Behgin-Say sugar company, Gardini clearly means to stay that way.—**Katherine Weisman**

MICHELE FERRERO AND FAMILY
How Sweet It Is

Ferrero SpA, the worldwide confectioner, has been improving on its product lines ever since Pietro Ferrero, Michele's father, founded the company in 1946. Michele, 64, who took over in the 1950s, now has a powerhouse competing successfully against giants Cadbury, Nestlé and Mars. It all began when Pietro stretched chocolate candies with hazelnuts because chocolate was scarce in postwar Italy and he was up to his belt in hazelnuts.

A current smash in Europe is Ferrero Rocher, a round concoction of hazelnut, wafer and creamy chocolate. It sells in the U.S., too, where a 1½-inch diameter piece is about 30 cents. Rocher and Mon Cheri, another one of their "change makers"—so-called because they are impulse items at the

Olympia

Michele Ferrero

cash register—avoid the heavyweight competitors' strong suit in traditional candy bars. Instead, they play to impulsive folks who need some reassurance. The small size, it seems, relieves the guilt that comes with bigger bars of quality chocolate.

Ferrero's packaging, too, is highly praised by the industry. Consider Tic Tac breath mints, a bestseller in the U.S., in the clever box. And it takes a day to properly build up the tiny Tic Tac drops at the factory—typical of Ferrero's attention to quality.

These, other specialty chocolates, soft drinks and confectionery products add up to a company with worldwide sales exceeding $1.5 billion. The family owns all of the outfit, which has an estimated value of $2 billion, and that's probably low. As one observer said: "They have some 10% of the European confectionery market. Many companies would pay dearly to win that share in such a lucrative business."—**Katherine Weisman**

SILVIO BERLUSCONI
Perpetual Motion

Television and advertising remain Berlusconi's main business, and that's saying a lot. Each of his three Italian networks—Canale 5, Italia 1 and Retequattro—transmits 18 hours of programming a day. Berlusconi's advertising company, Fublitalia '80, sells

Oendamo/Grazia Neri

Silvio Berlusconi

the ad time. Fininvest's formula: Pay top dollar for top shows like *Dallas* and *Cosby*, attract big audiences, and so get top dollar for ads.

So we think Italian viewers have all the programming they can stand. Berlusconi thinks otherwise. His buyer at the June screenings in Los Angeles was buying not only conventional broadcasting rights to film properties and TV series but pay TV rights as well. (Pay TV is showing promise in Italy.)

With 1992 near, Berlusconi, 53, has a 3.9% stake in TF-1, the network with 40% of France's TV audience, and 2% in the French company that controls TF-1. He has a stake in La Cinq, France's third-ranked network. In West Germany he has a stake in Tele Fünf, the country's newest and smallest of three private channels. And a 25% stake in Spain in a consortium's bid for one of three channels to be licensed by the government. "He has the capital, and he's got broadcasting experience," says James McNamara, executive vice president of New World International.

TV isn't enough. In July 1988 Berlusconi bought 73% of La Standa, a department store chain, for $650 million *(see Ferruzzi)*. A source close to Berlusconi explains, "Standa was a way to diversify." Publitalia continues selling ad time on Soviet TV. Berlusconi wanted a similar agreement with China, but that was before the upheavals. And, for fun, Berlusconi's soccer team, Milan A.C., won the prized Coppa di Campioni in May.

Will Berlusconi keep moving? Do birds sing in the morning? Stay tuned.—**Katherine Weisman**

GERMANY

ERIVAN HAUB

Problem Solver

The sole owner of Europe's largest supermarket chain (worth at least $2.9 billion) is a man who makes fast, dramatic decisions. When infighting broke out last July between a long-time, high-level Tengelmann Group manager and a lower-level manager, Erivan Haub fired both.

Arbitrary? More likely, a talent for solving complicated problems with simple, decisive solutions. Take A&P supermarkets, 52% of which Haub picked up for $7 a share in 1979. The stock is now around $55, thanks in good part to James Wood, formerly of Grand Union, whom Haub picked—and then gave full powers—to turn the ailing chain around. The turnaround is so successful that A&P has recently taken over ailing Borman's Inc., with 80 Farmer Jack stores in the Detroit area, and is bidding for Britain's Gateway supermarket chain.

Wolf Prange

Erivan Haub

That the impatient Haub is expanding vigorously is understandable considering the frustrations he faces at home. In Germany Haub had to get approval from the government cartel office before he could take over the relatively small Schworer chain near Stuttgart this spring. Then there's the *Baunützungsverordnung*, a zoning law restricting the size of new suburban supermarkets. And the *Ladenschlussgesetz*, which requires stores to close by 6:30 p.m. weekdays. And the necessary respects to Germany's surging Greens: no fish from Iceland, to save the whales, *bitte*; no phosphate detergents, chlorofluorocarbon spray cans or toxic-laden batteries, *bitte*.

This very German billionaire made sure his three sons were born in the U.S. That means they are American citizens.—**Philip Glouchevitch**

MOHN FAMILY

Doubleday Wasn't Enough

Beware: The media giant may soon be hungry again. Bertelsmann (1988 sales, $6.4 billion) established itself as a world player by taking over RCA Records and Doubleday in 1986. A subsidiary, Grüner & Jahr, is still

Tschauner-DPA/Photoreporters

Reinhard Mohn

searching for publications in the U.S., where it already owns *Parents* and *YM* magazines.

Ownership of Bertelsmann, founded by Carl Bertelsmann in 1835 to publish religious materials, and now a global book and magazine publisher and electronic media company, is largely in the hands of the Mohn family, although some stock is being shared with employees.

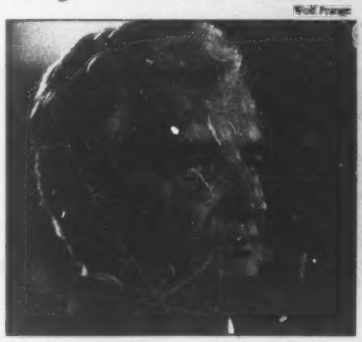
Reinhard Mohn, 69, is the patriarch of this $3.6 billion family fortune. He has transferred a majority of the share capital to his son Johannes, the sixth generation, while his five other children and wife hold unspecified amounts. Yet Reinhard retains a DM500 share with all the voting power, and he plans to turn the company over to the nonprofit Bertelsmann Foundation.—**Philip Glouchevitch**

HENKEL FAMILY

Happiness Is West Of The Rhine

Konrad Henkel, 73, the effective head of the 70-member family that controls the giant chemicals and detergents Henkel Group, has been hassled hard at home lately. His donations to the ruling CDU and FDP parties through tax-deductible foundations

Wolf Prange



Konrad Henkel

drew him a $1.9 million fine. He is fighting the penalty and damn the publicity.

There's more cheer elsewhere. Under their carefully chosen—and non-family—CEO, Henkel Group earnings totaled $195 million in 1988 on sales of $5.8 billion, tripling over five years. The company will spend $150 million to placate the Greens: Its detergents will soon be phosphate-free, packaged in biodegradable polyethylene containers, not polyvinylchloride.

Founded as a purely German household detergent maker in 1876, Henkel now sells far more in Latin America or the rest of Europe than at home. Until recently, the biggest subsidiary was in France, where growth was up an average 20% a year since 1980, largely through acquisition. But now, with the acquisition of an oleochemicals division of Quantum Chemical for $480 million, the U.S. subsidiary is number one. (Henkel owns 26% of Clorox and 26% of Loctite.) More may follow: There is a bigger playing field in the U.S. for growth-minded billionaires, and they are raising cash to play harder here.—**Philip Glouchevitch**

MAX GRUNDIG

The Indefatigable Max

★ West Germany's newest major hotelier is 81-year-old Max Grundig. His latest extravaganza in the Black Forest, the Bühlerhöhe, sports a helicopter pad, pool, tennis courts and original paintings by Dali and Van Dyck. He also has hotels in Monte Carlo, Nuremberg and Fuschl. They are not his only interest. At 72 he became a father again when third wife, Chantal, gave birth to a daughter, Maria Alexander, now 9 (he also has a daughter from his first marriage).

Haid/DPA

Max Grundig

Thus, Grundig continues to be a living legend in Germany, famous as a resourceful if domineering businessman and all-around opinionated guy. He started making radios in the 1930s, and survived Nazis, Allied bombing, and the collapse of Germany all right. Surviving the Occupation had its own problems: The Allies banned the sale of radios. Grundig read the regulations carefully, and designed the celebrated "Heinzelmann" do-it-yourself radio kits to get around the ban. Soon he needed a big factory. To build it he did a deal with a French army major, swapping 20,000 radios for 7 million cigarettes, which Grundig traded for 60 railroad cars full of cement needed for his factory. With inexpensive Grundig tape recorders, televisions, and steno machines, the indefatigable Max built one of Europe's big postwar successes.

In 1972 Grundig sold a few shares to the public and put the other 93% in a foundation. This was not a true nonprofit foundation, but a device to avoid inheritance and ownership complications should he die. Relinquishing control was another matter: Four successive chief executives found that out from 1972 to 1982—each had to leave the company.

But by the late 1970s Max had his hands full contending with Japanese, Korean, Taiwanese and Hong Kong Chinese producers. Grundig A.G. was as beset with Asian imports as its U.S. counterparts. In 1979, struggling to compete, Grundig A.G. allied with Dutch giant N.V. Philips: Philips got 24.5% of Grundig, and the foundation got 5.8% of Philips, today worth over $1 billion. In 1982 Grundig became CEO again at age 74, to try—but fail—to forge more European alliances. In 1984 he turned over management for good to Philips, which boosted ownership to 31.6% and guaranteed Max an annual DM56 million dividend for 20 years.—**Philip Glouchevitch**

KARL-HEINZ KIPP

Run, Then Take The Money

★ Switzerland, its hills alive with the sound of low-tax music, is where Karl-Heinz Kipp headed just prior to selling his Massa variety stores for some $800 million in 1986. By becoming a Swiss resident and taking his company public before selling, Kipp cut his tax bite 50%.

Kipp shrewdly retained the valuable real estate under the stores, for which he receives over DM100 million per year for 30 years—indexed for inflation, naturally. He and his son, Ernst Ludwig, who moved to Annapolis, Md., have other real estate interests, including at least one New York office building. Kipp Sr. also bought some luxury hotels in Swiss resort villages, including Arosa, where he now lives. His daughter moved to England with her family, making the Kipp exodus complete.

Kipp purchased the Alfred Massa company in 1948 and built it into a successful textile wholesaler. But you wouldn't be reading about him if he hadn't seen the handwriting on the wall, written in Japanese, Korean and Chinese. In 1964, shrewdly foreseeing that Asian competition would swamp European producers, he switched to retail stores, offering everything from food to sundries to garden supplies. By the time he was ready to sell, he had built 27 mostly large-area stores in the Rhineland, whose value increased dramatically after the strengthening of the quirky German zoning law limiting construction of new large stores.

Kipp also left behind some disgruntled Massa employees, who thought they would someday share in all the profits plowed back into the stores, to make up for their otherwise crummy employee benefits.

It turns out that the profits are in Switzerland.—**Philip Glouchevitch**

QUANDT FAMILY

Would You Sell?

Yes, the rumors persist, and have for years, that the Quandts may be selling their 66% share in BMW, now worth some $2.6 billion. No, there is no sign they will actually do anything so dumb. BMW, profitable under the Quandts for 25 years, is coming off a record year: sales up 26%. Thank the swank 5 and 7 series sedans that outsold rival Mercedes' S-class cars in Europe.

The Quandts, originally a textile family in Brandenburg, established a potash, mining and battery combine early this century. In the late 1950s half-brothers Herbert and Harald bought into and rescued then nearly bankrupt BMW. Harald died in a 1967 plane crash. Herbert's widow, Johanna, and six of his children (from

Wolf Prange

Herbert Quandt

three marriages) own the BMW shares plus holdings in other businesses. This generation's important new venture is manufacturing credit cards. In 1986 the Quandt family purchased Minneapolis-based Smart Card, which also owns the largest credit card manufacturer in Germany, known as MIDS, as well as plants throughout Europe.—**Philip Glouchevitch**

PRINCE JOHANNES VON THURN UND TAXIS

Working For Albert

The prince, 63, breathed easier when wife Gloria, 34 years younger, produced a son, Albert, after two girls. The quest for a male heir each generation, prompted by family tradition, has kept the family fortune, $3 billion, intact for five centuries. Next step is to give Albert, now 5, a patrimony suited to the 21st century.

Helmut Newton/Sygma

Prince Johannes von Thurn und Taxis

Enter last September Helge Petersen, no stranger to family fortunes. This onetime McKinsey consultant has directed the Quandt family's Altana A.G., and businesses of the wealthy Haniel family before that.

Now he oversees "Prince TNT's" vast tracts in southern Germany (part of a 19th-century swap with the family for the postal monopoly it controlled from 1505), and in Canada, Brazil and the U.S. Also, a private bank, a brewery, electronics companies, 37% of Philadelphia-based investment bank Butcher & Co., and art and antiques that have yet to be completely inventoried.

The prince plans to develop industrial parks, shopping centers and office buildings on the real estate, and expand the main electronics company, Doduco GmbH & Co., by acquisition in the U.S. and the Far East (already, two-thirds of its business is outside Germany).

A more ambitious plan is afoot: to harness his private bank (assets, DM860 million), Butcher & Co., an international real estate business in Dusseldorf, and a Munich-based securities firm to build a full-service, world-girdling investment bank for the superwealthy. The bank and financial services are being expanded "as fast as we can find talented managers," reported Petersen to Germany's *Industriemagazin*. Albert's world is likely to be as much his oyster as it is his father's.—**Philip Glouchevitch**

HEINZ BAUER

Little-Known, Not Little

★ Have you ever wondered who really makes those snazzy, expensive eyeglass frames sold under designer names like Christian Dior and Porsche Carrera? The answer is an obscure West German company, Optyl Holding GmbH & Co., that is controlled by a German publisher Heinz Bauer, a new name this year among the world's billionaires.

Bauer's primary business, however, is Bauer Verlag. With revenues of over $1 billion, it is West Germany's second-largest magazine publishing house, behind Axel Springer, and worth over $1 billion, says Gebhard Klingenstein of Baring Securities.

The source of Bauer Verlag's riches is *Hören und Sehen*, Germany's equivalent of *TV Guide*. But the company was founded long before the advent of broadcasting, in 1875, by Heinz Bauer's grandfather. Heinz' father, Alfred Bauer, published radio guides before the war and, immediately following the war, published wage tables telling employers how much to deduct for taxes, social security, etc. After the occupation ended, the Bauers relaunched radio and TV guides. They reinvested the profits in other magazines, including *Neue Mode*, the fashion magazine, illustrated magazines *Neue Revue* and *Quick*, as well as tabloid newspapers. Bauer Verlag now publishes magazines in France, the U.K. and Spain. And the U.S.: In 1981 Bauer bought *Woman's World* and, in 1988, launched *First for Women*. In a departure from media, Bauer also owns 230 Winn's discount stores in Texas. Rounding out the picture back home, Bauer owns the German licenses for *Playboy* and *Esquire*, and has a 24% stake in Radio Hamburg.

DPA

Heinz Bauer

Alfred Bauer died in 1984. Son Heinz now controls 96% of the company, with the remainder divided among his two sisters. Heinz and two colleagues operate the Hamburg-based group without any middle management.—**Philip Glouchevitch**

ALBRECHT FAMILY

New Battle Of Britain Ahead?

Theo and Karl Albrecht, the billionaire brothers who own the Aldi discount supermarkets, may be getting more aggressive outside Germany than they used to be. Word is they plan to invade England, with centrally located, old-industrial Birmingham as their takeoff point. That closely parallels their postwar start in West Germany, where Aldi spread up and down the Rhine from the central, old-industrial Ruhr.

The British may be in for some tough competition. Theo, 66, and Karl, 68, built their chain of over 2,000 German supermarkets by cutting prices to the bone, through concentrating on quick-selling items and by limiting costly frivolities like fresh food or advertising. Very different from cozy British retailing *(see Sainsbury)*. Estimated sales for 1988, $8.2 billion. The Albrechts have structured the business into 32 smaller parts to avoid German disclosure laws for large companies. The penchant for secrecy is understandable: Theo was kidnapped in 1971, and a DM7 million ransom paid.

Outside Germany, the Albrechts also own smaller chains in Austria (Hofer), Belgium (Lansa) and Holland (Combi). In the U.S., Theo has a nifty investment in the Boise-based Albertson's chain. His 11%, bought in 1979 for $37 million, is worth some $250 million today.—**Philip Glouchevitch**

OTTO BEISHEIM

Opening Time Is Money

Supermarketer extraordinaire Otto Beisheim keeps to his low profile. Dividing his time between residences in Lugano, Switzerland, Bal Harbor, Fla. and Rottach-Eggern, West Germany, he runs his Metro Group empire as secretly as he can through a maze of holding companies in Switzerland, Liechtenstein, West Germany and the U.S. With worldwide sales of over $17

billion and domestic sales of over $10 billion, Metro Group is the leading retailer in West Germany.

Founded in 1964, Metro dodges West Germany's store-closing law *(see Haub)* by nominally operating as a wholesaler but handing to everyone who asks the required special entrance card. A three-year-old lawsuit against Metro by the German Retail Trade Association is still in the courts. Beisheim's merchandising strategy is simple: Know your consumers and stock for their ever more specialized wants—the group is targeting office equipment (Metro was among the first to carry PCs and is among Europe's leading sellers) and hotel catering as future growth areas. Beisheim believes this strategy will protect him from other European retailers chasing the "Euro-consumer" onto German turf.

Lately, Beisheim, 65, has been branching out. He has raised his stake in Kaufhof A.G., West Germany's second-biggest department store chain, to over 50%. Other Beisheim interests include Primus Meister and Huma/Suma supermarkets, the Pelikan office furniture company as well as the Jetro cash-and-carry stores in the U.S.—**Philip Glouchevitch**

HERZ FAMILY

Filling In The VCR Blanks

When their father Max died in 1965, brothers Gunter and Michael Herz inherited Tchibo Frisch Rost Kaffee, a coffee mail-order business and store chain. Somehow, the brothers figured they could also sell cheap surfboards, tennis rackets, bottle openers and sundry other goods through their coffee stores. They were right. Tchibo's sales have grown steadily and now total over $1 billion.

The brothers keep looking for new profit sources. Example: For a joint venture in the travel business, they now sell videocassettes in Tchibo stores. Priced the same as a blank tape, these cassettes come with a prerecorded one-hour travelog featuring hotels in Ibiza, Grand Canary Island, Rhodes and Crete, and a number for reservations. If you don't like the advertising, you simply record right over it. Clever.

The Herz brothers' diversifications include 26% of Beiersdorf A.G., maker of the Nivea brand skin cream and adhesive tape; and 53% of Reemtsma Cigarettenfabriken GmbH, which has cigarettes (notably Peter Stuyvesant brand) and breweries (St. Pauli Girl, among others). At Reemtsma, the brothers are selling off some of the weaker breweries and keeping the successful Bavaria and St. Pauli brands. Beiersdorf, meanwhile, is growing nicely; it recently outbid Japan's Dainippon Chemical for Technical Tape, Inc., the second-largest manufacturer of adhesive tape in the U.S.—**Philip Glouchevitch**

OETKER FAMILY

Into Good Hands

Here is another big West German family-owned company that finds itself compelled to look beyond West Germany. The Oetker family company was started in 1891 by August Oetker, a pharmacist in Bielefeld who packaged baking powder and recipes for housewives. His grandson Rudolf

Wolf Prange

Rudolf Oetker

Oetker took over after WW II and diversified into shipping, breweries, banking and insurance. Now Rudolf's son August, 45, is group chairman.

August Oetker faces unusual challenges. Oetker Group (sales, around $1.6 billion) is so large in some industries—brewing, for example—that it can't make further acquisitions without running into trouble with West Germany's competition laws and the cartel commission. The foods division is also very large, but come 1992 it must compete against even larger European giants like Nestlé or Unilever. August Oetker's solution: seek growth markets in lines like frozen and prepared foods, perhaps with similar size companies in France or Italy, for economies of scale.

At 73, patriarch Rudolf Oetker is spending less time on company affairs. Several top managers are at or near retirement age. But young August Oetker showed his mettle when he told West Germany's *Industriemagazin* last year that he'll find managers either within the company or outside who are independent enough to challenge family members on matters of importance.—**Philip Glouchevitch**

GRETE SCHICKEDANZ AND FAMILY

Staying Put

With the mail-order business in West Germany nearing saturation, where will Grete Schickedanz look for future growth? Schickedanz, 77, is the widow of the founder of Quelle, one of West Germany's largest mail-order retailers. The company is run with the

Suedeie-DPA/Photoreporters

Grete Schickedanz

help of other family members.

So far the family's answer to the growth question has been to diversify, but primarily within West Germany. Besides the catalog business, Quelle group now includes retail stores. Thanks in part to its 1987 acquisition of the Sinn A.G. chain of apparel shops, Quelle's 1988 sales topped $5.5 billion, and earnings were up 10%, to some $50 million. Also spurring sales were the financial services division and an "industrial" division that recently acquired a Coca-Cola concession for northern Bavaria and neighboring regions. The Schickedanzes intend to merge the Coke operation with existing beverage operations (which include brewer Patrizier Brau).

Quelle earns about 30% of its catalog revenues outside of West Germany. But the Schickedanzes always identified with their country, and a company spokesman confirms that investing outside the Fatherland is "not a priority."—**Philip Glouchevitch**

OTTO FAMILY

Writer Makes Good

★ The Schickedanzes aren't the only German billionaires from mail order, or even the largest. Meet Werner Otto, 79, and his son Michael, 46. Their majority-held Otto Versand GmbH & Co. earned $83 million in Germany alone last year; worldwide, group sales exceeded $7 billion. The Ottos also own Spiegel, Inc., the U.S. catalog company. Add to that several real estate development companies in North America.

The son of a Brandenburg food

Wolf Prange

Werner Otto

wholesaler, Werner Otto originally wanted to be a writer, but became an independent retailer in Stettin instead. He spent two years in jail for his opposition to the Nazis, then moved to Hamburg after the war. He founded a mail-order house in 1949; it grew rapidly thanks to his knack for getting what customers wanted. In the early 1960s, with impeccable timing, Otto sold about half the company to finance his foray into real estate development.

Son Michael, who once served a brief internship at the Von Finck's bank, took over as chief executive in 1981. He seems cut from his father's cloth. Michael bought the Spiegel catalog in the U.S. in 1982, and with his father's flair for timing, he raised $100 million through the issue of nonvoting shares in Spiegel in September 1987, one month before the global market crash.

Under his tenure the company broke out of Quelle's shadow in 1982, and then overtook Sears in 1986 to become the world's leader in catalog sales. Germany's *Industriemagazin* named Michael Otto "manager of the year" in 1986; he sits on the board of several companies, including Deutsche Bank.—**Philip Glouchevitch**

VON SIEMENS FAMILY

Strategic Alliances

★ Siemens A.G. (sales, $34 billion) makes everything from dishwashers to nuclear plants. But now even the company seems to think the broad spread is a weakness, and plans to focus on power, communications and medical equipment. Showing its affection for grand strategic alliances, Siemens agreed last December to buy the telecommunications part of Rohm from IBM for $1.15 billion. In partnership with Britain's GEC, Siemens is now making a renewed bid to take over Britain's Plessey, a worldwide electronics concern with important British defense contracts.

Siemens isn't usually thought of as a family company, but over 200 Von Siemens family members and their unifying family trust own at least 10% of the share capital, including an undisclosed number of preferred shares that carry extra votes.

For nearly its entire life, Siemens has been run by family members. It was founded in 1847 as the Siemens & Halske Telegraph Co. by Werner von Siemens and Johann Georg Halske. In 1866 Werner developed the first practical dynamo-electrical machine, through which electricity can be produced in great quantity. The company quickly grew into one of Germany's biggest electric companies. Most of the firm's plants and its Berlin headquarters were destroyed during World War II; after the war the founder's grandson Hermann von Siemens relocated the company to Munich.

Alain Nogues/Sygma

Peter von Siemens

The tradition of family members' running Siemens ended in 1981, when Peter von Siemens stepped down as chairman of the supervisory board. His son, Peter Carl von Siemens, 52, is on the board of executives, and younger family members work in the company, but it is run by professional management.—**Philip Glouchevitch**

FRIEDRICH KARL FLICK

Squabble Settled

Friedrich Karl Flick may finally get to enjoy in peace the $3 billion he received from selling his industrial empire to Deutsche Bank in 1985. Flick recently paid an undisclosed amount to two disgruntled nephews, Friedrich Christian and Gerd-Rudolf, whose share of the family companies he had bought in 1975 for DM200 million. In a real-life version of *Dynasty*, the nephews sued last year for a redistribution of the assets, and embarked on a visible campaign to regain control of the old family paper, dynamite and construction companies, since taken public as Feldmühle Nobel A.G. They failed to gain control but profited handsomely from selling their 40% stake last May to the Dusseldorf energy and chemicals conglomerate Veba A.G. The squabble seems settled.

Prange-DPA/Photoreporters

Friedrich Karl Flick

Flick, whose image was tarnished in a 1981 political contributions scandal, remains a behind-the-scenes figure in West Germany. He sits on the supervisory board of Deutsche Bank, and is the subject of many business rumors. Talk of his building a skyscraper in Frankfurt proved to be untrue. But, at 62, Flick is still quite active. There will probably be fire behind one of the rumors one of these days.—**Philip Glouchevitch**

WERHAHN FAMILY

Iraq Connection

The Werhahn family's considerable fortune should improve thanks to the end of the Iran-Iraq war. The reopening of the $700 million airport at Basra and a new 140km Iraqi highway will enable the Iraqis to complete payments to Strabag Bau A.G., the West German construction firm 50%-owned by the Werhahns. The rest of their fortune springs from some 74 other companies controlled through their holding company, Wilhelm Werhahn K.G., of Neuss.

The family shuns all publicity—although a secretary was allowed to confirm that Chairman Heribert Werhahn does indeed spell his name with the "i." He recently stepped down as chairman of the the Strabag Bau su-

Wolf Prange

Heribert Werhahn

pervisory board to become honorary chairman, but he leaves the company in good shape: Earnings are rising again after two lean years. The family sold its $1.1 billion (sales) food operations in 1987 for $320 million, but it still owns diverse businesses with combined sales of around $1.6 billion.—**Philip Glouchevitch**

WILHELM VON FINCK
AUGUST VON FINCK
Divvying Up?

The von Finck brothers broke their customary silence a few months ago to deny a *Spiegel* magazine report that their 90% share of Löwenbrau brewery (worth some $260 million) is for sale. It was, however, a plausible rumor. For one thing, West Germany's beer wars are heating up, and many

Photos by Wolf Prange

Wilhelm and August von Finck

lesser breweries have been changing hands *(see Herz, e.g.)*. For another, the von Fincks—August is 59; Wilhelm, 61—may be starting to think about transferring assets to their children.

August has four children and Wilhelm has one, and although none of the kids is active in the business, there is a great deal to be distributed. Besides Löwenbrau, the brothers' vast holdings include the private Merck, Finck & Co. bank (total assets over DM3 billion), 40% of electric utility Isar Amperwerke, 70% of the less-known Wurzburger brewery, investments in Allianz (5%) and Munich Re (5%) insurance companies, and some 10,000 acres of valuable forest and agricultural land outside Munich. That land is especially valuable because in West Germany landholdings are valued, for inheritance tax purposes, at only 10% of their market value.—**Philip Glouchevitch**

VON OPPENHEIM FAMILY
Bicentennial Nonbash

The von Oppenheim cousins—Manfred, 65, and Alfred, 55—are celebrating the bicentennial of their family's famous bank, Sal. Oppenheim Jr. & Cie., this year just the way you'd expect from sixth-generation private

Photos by Wolf Prange

Alfred and Manfred von Oppenheim

bankers and insurers: discreetly. The Oppenheims' worth, believed to be in the $2 billion area, is concentrated in the bank and several insurance companies, especially Colonia Versicherung A.G., on whose books hidden assets reportedly abound.

German insurance companies are known in European financial circles to be highly profitable, and Colonia is considered no exception. The bank is healthy, too: it has joint ventures in Zurich, Luxembourg, New York and—most recently—Tokyo. These ventures are meant to serve large foreign institutional investors interested in purchasing German securities in a steadily shrinking world.

The bank was founded in 1789 by ancestor Salomon Oppenheim Jr., the first Jew on Cologne's Chamber of Commerce. His sons Simon and Abraham financed Germany's railroads. Simon's sons converted to Christianity; by Hitler's day the von Oppenheims were only one-quarter Jewish and largely escaped the Holocaust.—**Philip Glouchevitch**

FRANCE

MULLIEZ FAMILY
Sincere Flatterer

★ Gerard Mulliez is trying his luck at bringing the hypermarket to the U.S. In 1984 some of Mulliez' Groupe Auchan executives moved to the States to run an experimental superwarehouse franchise in Joliet, Ill. Auchan opened its first U.S. hypermarket near Houston last fall, and its second in suburban Chicago this spring.

Highly successful in Europe, hypermarkets—with everything from bread to VCRs, skirts to lawn mowers under one huge roof—have yet to catch on in the U.S. Yet it's understandable why Mulliez should want to have a go. Consciously inspired by American discount retailing operations he saw in the U.S. in 1960, Mulliez opened his first Auchan supermarket in 1961 in Roubaix, near Lille. To preempt anyone from opening an even bigger store, he built the first Auchan hypermarket in 1967. Now there are 39 in France, 11 in Spain and a joint venture under way with Italy's Conti. Every store offers over 50,000 items on floor space up to 160,000 square feet. (The typical Wal-Mart hypermarket, by contrast, is 222,250 square feet.)

To cope with the *Loi Royer*, a French law aimed at protecting small shopkeepers, Mulliez developed U.S.-style shopping centers, anchored by his hypermarkets. This allows the petit bourgeois shopkeepers to rent space and benefit from traffic generated by the big Auchan stores. Other U.S. concepts Mulliez has imported to France include do-it-yourself, sporting goods, discount clothing chains, cafeterias, and even pizzerias. His employees own 17% of $7 billion (sales) Auchan; Mulliez' 83% share is worth around $1.2 billion.

The original century-old family business is a chain of knitting and yarn stores called Phildar. Today Phildar (1988 sales, $473 million) has some 2,280 franchisees, making it one of the largest franchise operations in Europe.—**Katherine Weisman**

BOURIEZ FAMILY
Case Closed

Last year Michel Bouriez, once president of the Nancy Chamber of Commerce, spent three weeks in jail after being indicted for allegedly making a FF10 million ($1.5 million) payoff to build another Bouriez family hypermarket. The case was suspended, but the incident shows how seriously the French take the *Loi Royer*, protecting their little shopkeepers, who feel threatened by billionaire retailers like the Bouriez family.

The Bouriez' holding company is Cora-Revillon-Editions Mondiales; according to the family, its revenues are around $5 billion but most observers put them well above that. The company is based in Paris and is run

Delluc/Expansion

Philippe Bouriez

by Michel's brother Philippe, 55, a Harvard Business School alumnus.

The family's original company, Cora, is now France's second-largest hypermarket group with 48 stores (6 more in Belgium) and several supermarkets and convenience stores. Revillon, the well-known luxury-goods firm acquired in 1981, owns the license to manufacture apparel and accessories with the Karl Lagerfeld label. Editions Mondiales is France's number one publisher of women's pulp romances and produces films and TV programs. It also owns 2% of TF-1, a cable TV broadcaster. With one of France's largest family companies, the Bouriez clan is worth well over $1 billion.—**Katherine Weisman**

PEUGEOT FAMILY

Tale Of Two Families

The descendants of Louis Renault can thank France's Socialists, who keep bailing out the state-owned Renault car company, for keeping the family name alive. But the competing Peugeot clan has kept its name—and fortune—alive through its own wits and

Richard Kalvar/Magnum

Roland Peugeot

resources. The family is currently represented by Pierre, Roland, Bertrand and Antoine. Among their better decisions was the fairly recent one of hiring Jacques Calvet as chairman in 1982. After whipping labor into shape, Calvet came out with the widely acclaimed Peugeot 405 in 1988. Sales, earnings and Peugeot stock have all shot up dramatically, making the Peugeot family's 26% (with double voting rights in some cases, assuring control) of Peugeot S.A. lately worth $1.5 billion.

Looking ahead to the tougher competition European automakers will face after 1992, Peugeot and Fiat have formed a joint venture to build passenger vans to compete with Volkswagen and the Japanese.

Currently Peugeot has 12% of the European market; this puts it in third place, narrowly behind VW and Fiat. But one well-regarded European automotive analyst foresees even brighter things. "Peugeot," he predicts, "will become Europe's premier automaker and will gain a [European] market share of 15% in the next four years."—**Katherine Weisman**

VUITTON FAMILY

French Lesson

★ "If Racamier hadn't been there, they [the Vuitton family] would not be billionaires," says a source close to the Vuittons. He is referring to Henry Racamier, a successful businessman who married Odile Vuitton in 1943. In 1977 Racamier's mother-in-law, who wanted to keep Louis Vuitton a family business, asked Racamier to take over. He sold his specialty metals

Ribolowsky/REA

Henry Racamier

company and, at 65, began a new career in the prestige consumer goods business (a Vuitton trunk can cost $10,000 and more). When he started there were two Vuitton boutiques; sales were $11 million. Today Vuitton has 120 stores worldwide; 1988 sales were close to $500 million.

Racamier's problems began when he took Vuitton public in 1984. This made the family more liquid, but reduced its control. In 1987 he merged Vuitton with Moët Hennessey to create Louis Vuitton Moët Hennessey (LVMH). That further reduced the family's ownership.

During the past year, a nasty power struggle has broken out involving Racamier, Britain's Guinness Plc., French businessman Bernard Arnault and merchant bankers Lazard Frères & Cie. *(for more on the battle, see "Tough guys with a genteel manner," FORBES, July 10).* As things now stand, Arnault is in charge, and the Vuitton family's holding in LVMH has been diluted down to around 20%. The stake is now worth $1.3 billion, but the Vuittons have lost control.

The company itself, by the way, has a charming history. In 1837 Louis Vuitton, 16, came to Paris and apprenticed himself as a *layetier*. The word *layetier* has almost disappeared, but then it was commonly used and meant a specialist in packing luggage for wealthy women leaving on extended sojourns. When Eugenie de Montejo married Napoleon III in 1853, she chose Vuitton as her *layetier*, making him famous. In 1854 Vuitton opened a luggage store where he reshaped the trunk, traditionally rounded on top, into a rectangular box for easier stacking. Vuitton trunks were soon the rage.—**Katherine Weisman**

SCHLUMBERGER/SEYDOUX FAMILY

Thick-Blooded

We're not sure what this means, but Jérôme Seydoux, commonly regarded as one of France's best businessmen, has lately emerged as a major factor in the international wool business. Through his air transport company, Chargeurs S.A., Seydoux has bought the wool combing, cleaning, spinning and selling arms of Prouvost in France and of Hart in Argentina. These give Seydoux 22% of the world market in wool trading and combing.

Why wool? We don't know; Seydoux merely points to historic company ties to the textile industry. What is clear is this: The Seydoux family's commercial blood still runs thick. Jérôme's grandfather Marcel Schlumberger (and Marcel's brother, Conrad)

Patrick Hamon-Keystone/Picture Group

Jérôme Seydoux

founded Schlumberger, the oil services giant. Pierre Schlumberger, Marcel's son, later decreed that the company should be managed by professionals, not family members.

That rule forced Jérôme Seydoux out of the company in 1976. A natural businessman, he soon bought control of troubled textile company Pricel, which he restructured and used to acquire Chargeurs in 1979. Chargeurs recently won passenger routes between New York and Marseille, Bordeaux and Toulouse from President Mitterrand—Seydoux, too, is close to the Socialist government.

Nor is Jérôme, 55, the on. / family

member to have inherited some of Marcel's commercial acumen. Younger brother Nicolas runs Gaumont, France's leading motion-picture producer. Michel, the youngest sibling, has a film production company. Together, the Seydoux and Schlumberger kin own as much as 25% of Schlumberger, worth over $2 billion at current prices.—**Katherine Weisman**

LILIANE BETTENCOURT
The Price Of Diversifying
Widely considered France's wealthiest individual, Liliane Bettencourt is the daughter and heir of Eugene Schueller, the founder of L'Oréal, the world's largest cosmetics company (1988 worldwide sales, $4.6 billion). Now 66, she continues to live quietly in a suburb of Paris with husband André, a former government minister.

Richard Kalvar/Magnum

Liliane Bettencourt

L'Oréal has a new president, Lindsay Owen-Jones, 43, a Welshman, appointed last September. Around 40% of L'Oréal's sales are still in France, and Owen-Jones, long with L'Oréal's various international divisions, is charged with expanding foreign markets. This includes the U.S., where L'Oréal operates through its New York-based subsidiary, Cosmair. Within L'Oréal's vast product line, the company's most successful product is Anaïs Anaïs, a perfume with worldwide sales of about $140 million. Owen-Jones hopes to create more such global successes.

Through Gesparal, a holding company, Liliane Bettencourt owns 28% of L'Oréal; at current Paris Bourse prices, the holding is valued at $1.1 billion. She originally held about 50%. But, to diversify, she traded 22% in 1974 for what's now 3% of bearer shares of Nestlé, the Swiss food giant. That Nestlé stake is worth around $400 million; a 22% holding in L'Oréal, by contrast, would be worth over $800 million at today's prices. There is sometimes a cost to diversifying one's portfolio.—**Katherine Weisman**

HOLLAND

DREESMANN FAMILY
Boardroom Fight
Last year saw real trouble emerge at the Dreesmann family's Vendex International. Run since 1974 by Professor of Economics Anton Dreesmann, 66, Vendex has grown into a retailing and financial services colossus whose 1988 sales hit nearly $8 billion. Its U.S. interests include 50% of B. Dalton Bookseller and 41% of Dillard Department Stores Class A shares.

But while Dreesmann was orchestrating Vendex' overseas growth, managers of the company's stores back home in Holland stayed too long with mass marketing concepts at a time when competitors were offering upmarket, specialty, in-store boutiques. At the Dreesmann's supermarket chain, Edah, managers lost their image as good discounters when other supermarkets began reducing prices.

The turn, when it came, was sudden for the privately owned company. By some accounts, some of the Dutch operations, which account for as much as 63% of sales, are now losing money. Vendex' overall profits fell 24% last year, to $78 million.

To make matters worse, Anton Dreesmann was knocked out of action by a brain hemorrhage, from which he is recovering. His handpicked, nonfamily successor, Arie Van der Zwan, attacked Vendex' problems with a plan to cut nearly 18% of the department stores' jobs and then upgrade the stores, as Macy's in the U.S. had done. The paternalistic Dreesmann wouldn't hear of mass firings. Saying he had "pulled himself out of the grave," Dreesmann returned to the company early this year amid a "palace revolt" by directors and managers, who threatened mass resignation, according to one source (the company refuses comment). At any rate, Van der Zwan is out, and so are the mass firings. A "more quiet" restructuring plan is in process, and plans for taking Vendex public in 1990 are stalled. Dillard's has reportedly asked about buying back Vendex' stake, currently worth some $758 million. An interesting drama, far from finished.—**Katarzyna Wandycz**

ANP

Anton Dreesmann

FENTENER VAN VLISSINGEN FAMILY
The Next Billion
What is a billionaire family doing in a dull business like propane? Answer: working on their next billion.

Through Utrecht-based SHV, their privately owned energy and consumer goods wholesale company (1988 sales, $5.4 billion), the family is buying into European companies that distribute liquefied petroleum gas—better known as propane and butane in the U.S. LPG is a mundane necessity for rural and small-town customers that are not served by gas mains. In Europe this little-noted business offers stable pretax margins averaging 20%. Some analysts project that Calor Group, Britain's largest LPG distributor, can probably get 20% of the 2.8 million homes currently beyond the reach of natural gas, on top of its existing 80,000 residential users. SHV owns 42% of Calor. Paul Fentener van Vlissingen, 48, who heads SHV, has also aggressively added LPG interests on the Continent, and company sources expect further expansion.

ANP

Paul Fentener van Vlissingen

In a sense the family is returning to their roots. The family fortune grew out of a coal cartel in turn-of-the-century Holland. In the 1960s and 1970s they invested in oil. Today, SHV gets most of its revenues and half its profits from a chain of 54 wholesale cash-and-carry Makro stores, and the Otto Reichelt supermarket chain in West

Germany.

The family is not short on talent: Paul's brother John, 50, runs Noro Group, a $3.5 billion Dutch investment fund in real estate and venture capital. And brother Frederik, 56, runs Flint, a private investment company in Amsterdam.—**Katarzyna Wandycz**

BRENNINKMEYER FAMILY
Too Big To Hide

The super-secretive Brenninkmeyers are also super-diversified geographically. They have built up their U.S. holdings to include eight retail store chains: among them, California-based Womans World Co., Uptons Department Stores, based in Georgia, and Eastern Mountain Sports Inc., based in New Hampshire. Estimated combined annual sales are reportedly $575 million.

In West Germany the Brenninkmeyers' C&A stores' sales were $4 billion in 1987 (the latest available).

In Britain, the Brenninkmeyers run the C&A operation as an unlimited company; this exposes them to potentially unlimited financial claims, but saves them from disclosing much financial information. According to Verdict Research Limited, a London-based market research company, C&A is now Britain's fourth-largest clothing retail chain, with over 100 stores and estimated sales of almost $1 billion. Profits? Easily $60 million or so, even in the U.K.'s currently cool retailing environment.

Add in sundry retail operations in France, Switzerland and Brazil plus a complex real estate empire, and the Brenninkmeyers are worth at least $5 billion, and probably much more than that.—**Katarzyna Wandycz**

SWITZERLAND

WALTER HAEFNER
Inspired By FORBES, Sort Of

★ More than one billionaire owns racehorses, but how many ever ride to victory in a race? Walter Haefner, 79, whose wholly owned Careal Holding in Zurich puts him on our list, is one who has: He won the 1962 European cup for amateur riders. Nowadays, he's into easy riding and raising Thoroughbreds on farms in Ireland and Lexington, Ky.

He emerged from relative obscurity in June 1987, when the biggest U.S. systems software company, Computer Associates, merged with his 58%-owned Uccel, and he wound up with 21% of Computer Associates, a slice now worth over $650 million.

Haefner has good business instincts—he sold his business interests in Iran at a profit just prior to the Shah's overthrow, for instance. Way back in the early 1960s he founded a computer service company to calculate time payments for his and other companies. That was bought by Dallas-based UCC, also a computer service company, and Haefner received a minority stake. But UCC went bankrupt trying to compete with AT&T. "I faced the situation whether to write off my investment or take over the company," Haefner recalls. He got some motivation from . . . FORBES. When an article appeared in these pages in 1983 questioning the feasibility of restructuring UCC, he and the GE executive he had brought in turned to each other and said, "We'll show 'em." Under the name Uccel, they eventually showed us.

Haefner was one of seven sons of a poor missionary to Tibet. Wartime gasoline rationing gave Haefner his first business opportunity. Using 26,000 Swiss francs in savings, he marketed charcoal generators for cars. After the war, his Amag car import business boomed, first selling British and American jeeps, and then the "big hit"—Volkswagens. From that he built his fortune. Today, Amag has the exclusive Swiss rights for Volkswagen, Audi, Porsche and the Spanish-made Seat, and also owns the valuable real estate under many of the car dealerships.

With an eye to liquidity, Haefner wanted to take 25% of Amag public this spring, but the weak Swiss stock market stopped that plan. None of his three children (he has been married four times) seems keen to run the business, and Haefner is paving the way for a smooth inheritance. Meanwhile, he plays the piano, raises orchids, and waits for his next horse to come in.—**Philip Glouchevitch**

STEPHAN SCHMIDHEINY AND FAMILY
Divided They Prosper

By design, there is no Schmidheiny family empire. Rather, the family has organized its affairs so that able and motivated family members are sole owners of their own businesses. That way there's no confusion over who gives the orders, and who takes credit and blame. In this way the fourth generation of Schmidheinys remains commercially potent in Switzerland.

Daniel Boschung

Thomas Schmidheiny

RDZ

Stephan Schmidheiny

There are three Schmidheiny brothers: Stephan Schmidheiny, 42; Thomas, 44; and Alexander, 39, who has minor business interests. There's also a cousin, Jacob Schmidheiny, who runs his own domain, which was split off in an earlier generation.

Thomas Schmidheiny owns the world's largest cement company, Switzerland's Holderbank. He used to own West Germany's troubled optics firm Wild Leitz A.G. (maker of the Leica camera line), but sold it to brother Stephan in the past year.

Stephan Schmidheiny's operations are the largest. His Anova Holding, based in Hurden (near Zurich), owns all or part of: a newspaper distributorship; a fast-food chain; the Swiss Eternit group (construction materials), inherited from his father; Asea Brown Boveri; watchmaker SMH (which makes Swatch); and real estate and banking assets. Stephan Schmidheiny is as unbureaucratic as they come. Only six executives (plus some support staff) run Anova's entire $2 billion-plus (net worth) empire. This is a by-product of putting individual family members in charge of their own businesses.—**Philip Glouchevitch**

HANS HEINRICH THYSSEN-BORNEMISZA
B..lish On Gauguin

Baron Thyssen-Bornemisza continues to manage the family art. It's one of the world's great collections, worth

A. Venzago/Magnum

Baron Thyssen-Bornemisza

over $1 billion and considered second only to that of the Queen of England. He added to it last May by buying a noted Gauguin, "Mata Mua," at a Sotheby auction for $24 million. Son George, 38, a lawyer by training, runs the family business, most notably the Thyssen-Bornemisza Group (shipping containers, farm machinery and much else) which says it had net income last year of $52 million on sales of over $3 billion.

Baron Hans' grandfather, August Thyssen, built the famous steel company and shipping companies as well. Hans' father married a Hungarian baroness and took the name to get the title, denounced Hitler in 1939 and moved to Switzerland with the shipping companies. He also built up the art collection, buying cheap in the Depression 1930s, but it was scattered at his death. Hans reassembled most of it, piece by piece, and added to it as well. Nearly 800 of the 1,300 or so paintings, all held by a Bermuda-based trust, are on loan to Spain's Ministry of Culture for ten years and are now on display near the Prado in Madrid. The rest may be seen at Villa Favorita, the baron's residence in Lugano. Curators in Britain, Spain and Switzerland have courted the baron, 68, but in vain. What he will eventually do with his fabulous collection is not known.—**Philip Glouchevitch**

PAUL AND MAJA SACHER-STEHLIN

They Won't Sell

The last sucker to believe the perennial rumor that the heiress to the Hoffman-LaRoche fortune would sell control was ICN Pharmaceuticals. It bought an 8.6% share in Hoffman-LaRoche in that hope for $180 million, but it got off lucky: A rising market let ICN sell the shares back to the company in 1988 for a $30 million gain. Yet the rumors persist.

Now, a complicated company restructuring makes it plainer than ever that control will not shift. A 50-for-1 stock split, effective this August, plus a rights issue and related moves, have broadened the market in shares that formerly sold for a forbidding $150,000 apiece. The split may also make the shares better currency for acquiring other pharmaceutical companies, but not a vehicle for selling out. The majority of the voting shares, worth at least $1.1 billion, remain in the caring hands of the Hoffmann family, in particular 93-year-old Maja

Photos by RDZ

Paul Sacher, Maja Sacher-Steblin

Sacher-Stehlin. The company is thoughtfully issuing dividend-rights certificates that the family can sell to buy the new bearer shares (these are the ones that vote) that will emerge from the restructuring.

Ignore the mortality tables, too. Maja inherited control on the death of first husband Emmanuel Hoffmann in 1932, and soon married conductor and patron of the arts Paul Sacher. She had three children by Emmanuel, but none by Paul. Her second son, Lukas, sired four grandchildren. These heirs evidently value control of the family patrimony over dividends.—**Philip Glouchevitch**

AUSTRIA

SWAROVSKI FAMILY

The China Card

The picturesque village of Wattens, in Austria's Tyrol, is a long way from China. But Wattens' cosmopolitan Swarovski family has established a business there nonetheless: They're part of a joint venture that sells finished jewelry near Shanghai. Do the Chinese have the money to buy precious stone jewelry? The venture "appears to function," says a cautious company spokesman. He points out that jewelry is a traditional Chinese hedge against inflation, which had been roaring before the recent student demonstrations. (The Swarovskis have set up a similar jewelry venture in Thailand.)

Kevin Galvin

Daniel and Manfred Swarovski

What the Swarovskis are really known for, of course, is their near-monopoly on the world's rhinestone business. The company, established four generations ago by Daniel Swarovski, had sales last year of 1 billion Swiss francs (international headquarters are in Zurich), or about $600 million, and is said to be enormously profitable. To that must be added their 50% stake in Zale's in this country, the world's largest jewelry retailer, with sales last year of $940 million. The Austrian company is diversified slightly: Optical equipment (like binoculars) accounts for around 15% of sales, and the company also has a line of glass animal figurines and crystal jewelry bearing the Swarovski name. The Swarovskis plan to put more emphasis on retail sales in the future.—**Philip Glouchevitch**

SPAIN

MARCH FAMILY

Spanish Bulls

Spain is booming, and you can play it like a billionaire through Corporación Financiera Alba. The March family's cement company, Alba, guided by billionaire brothers Juan and Carlos

A.G.E./Woodfin Camp

Carlos March

March, by 1986 had become a public investment vehicle. Alba is now a major investor in Spanish banks, brewers, food distributors and construction companies. The March boys are said to invest privately in some of the Alba deals.

Alba has also been buying real estate. It bought 20% of Formentera Interplan, which owns eight hotels and a ferry line in the Balearic islands of Menorca and Formentera. (The Marches' grandfather, Juan March, who founded the dynasty by helping to finance Franco in the 1930s, was known as the Balearic Smuggler.) Alba has also invested in commercial and office space in Barcelona and Madrid, and in two shopping centers.

The brothers' biggest acquisition: Banco Urquijo Unión, Spain's tenth-largest bank. Last December Alba and Banca March, the family's 100%-owned bank, together paid some $450 million for this leading industrial investment bank.

More recently, Banca March has reduced its stake in a joint venture with National Westminster Bank from 36% to 10%, for $88 million. Some observers say the Marches want cash for still more acquisitions. Makes sense. The Marches are obviously bullish on their dynamic country's prospects.—**Katherine Weisman**

BOTIN FAMILY

What A Smart Bank Looks Like

Would that America's S&Ls—or its money-center banks, for that matter—had been run half so well as the number four bank in Spain.

Unlike other Spanish banks now bracing for 1992, and therefore preoccupied with mergers or restructuring at home to compete with larger, more competitive-minded European banks, Banco Santander is already in good shape. Results in 1988 were terrific—net income up 47%, the dividend up 40%. Its big Latin American market has little real exposure; its LDC debt, never a big risk, has been 100% reserved since 1986. Santander is building up in safe Puerto Rico and cutting back in politically dangerous Panama. In March Standard & Poor's gave Santander its highest rating—A-plus—for a planned commercial paper issue in New York, where the bank has also quietly listed its stock. In Spain, only the Kingdom of Spain and Telefónica de España hold this rating.

The Botin family has managed Santander for more than 30 years. They expanded steadily and carefully, acquiring, sources say, at least 25% of the bank (only 5% shows) worth upwards of $1.4 billion. And they go to the office. Emilio Botin, 54, took over as chairman in 1986. "For us, competition means the world's top banks," he said in his 1989 address to shareholders, "and the marketplace is the markets of the European Community." Santander has bought a small bank in West Germany and one in Belgium, and pieces of banks in Italy and Portugal. And in a deal signed last October with Royal Bank of Scotland, Great Britain's fifth-largest bank, Santander bought 9.9% of Royal Bank, to become its largest areholder, and Royal Bank in turn bought 50% of Santander's new German and Belgian acquisitions.

Santander stock is pretty safe acquisition currency. While the Spanish government encourages large banks to control the market in their shares, observers say Santander doesn't need to do this. But the real appeal is more fundamental. Analyst Chris Davis of Barclay's de Zoete Wedd sums it up: "The more important thing is that there is management in depth behind that bank . . . There are no delusions of grandeur. That's the sort of thing I like."—**Katherine Weisman**

RAMÓN ARECES

The Richest Man in Spain

Now 84, Ramón Areces is Spain's biggest retailer, with his posh El Corte Inglés ("The British Style") department stores and discount Hipercor hypermarkets. With $3 billion in sales, El Corte Inglés is five times the size of its nearest competitor, but it has a weakness nonetheless.

Dating to Spain's autarky under Franco, El Corte owns some of its manufacturing suppliers. This is fine for now, but with 1992 Areces' competitors may switch suppliers at will, buying for the best prices whatever the increasingly sophisticated Spanish consumers want. Areces can do that only at some cost to his manufacturing operations.

A.G.E./Woodfin Camp

Ramón Areces

Areces is looking beyond Spain's borders. One possibility is resurgent Portugal. And since 1981 he has owned southern California retailer Harris Co., a seven-store chain in high-growth San Bernadino with 1988 sales of $89 million. Whatever his plans, he won't lack for financing. El Corte builds and owns all its stores, nearly all of which are in prime downtown locations. "No bank is a major lender to that company," says one analyst close to the company. "They can finance most things themselves." Many analysts put Areces' worth north of $5 billion. FORBES is persuaded $2 billion-plus for El Corte Inglés alone is safe.

What will happen to this empire when Areces—a widower who, says a company spokesman, has no children—is gone? Rumors abound, but according to one source, the Don Ramón Areces Foundation, which offers research grants, could inherit the company.

Alas, not much reliable is said about Areces, except that he is Spain's richest man.—**Katherine Weisman**

SWEDEN

HANS AND GAD RAUSING

And Now, Famous Amos

Tetra Pak Group, built on a unique system of packaging that keeps milk (and other perishable liquids) unrefrigerated on store shelves for weeks or months, has a simple motto coined by company founder Ruben Rausing, Hans and Gad's father: "A package should save more than it costs." Tetra Paks save enough to generate worldwide sales of $3 billion and a history of profit levels (lately unreported) that suggests the Rausings own a company worth maybe $7 billion.

Their chief executive, Bertil Hagman (Hans is chairman of the board; Gad teaches archeology at the University of Lund), insists Tetra Pak is a Swedish company. Given that the Rausings reside in the U.K., the company is registered in the Netherlands and headquartered in Lausanne, Switzerland, who would argue otherwise?

Tetra Pak remains strongest in Europe, where Hans has spearheaded early discussions with Soviet officials on joint ventures, including a fruit

Hans Rausing

Gad Rausing

juice packaging plant in Lipetsk and a packaging materials plant in Kiev. The U.S. division, established in 1977, is making slow but steady inroads, as the list of products using Tetra Pak aseptic cartons grows (except for milk; Americans don't seem to like the taste of the sterilized milk required). Look for Gatorade, Southern Comfort egg nog (liquorless), White Rock fruit drinks and Famous Amos Chocolate Flavoured Drink to join several brands of fruit juice for kids, Minute Maid products and Lipton Iced Tea.—**Philip Glouchevitch**

INGVAR KAMPRAD
California Bound

The Ikea company is like its founder-owner and the Scandinavian furniture he sells: simple, with an emphasis on fundamentals.

From the first store opened by Ingvar Kamprad in the small Swedish town of Almhult in 1953, Ikea has grown to some 80 outlets in 20 countries; 1988 sales grew over 13%, to $2.3 billion, and expansion continues apace as far afield as the U.S. and the U.S.S.R. In the U.S., besides stores outside Washington, D.C., Baltimore and Philadelphia, two are planned, near Pittsburgh and Elizabeth, N.J.

A copycat outfit named Stor has popped up in California. Imitation may be the sincerest form of flattery, but not to Ikea, whose federal lawsuit claims copyright and trademark infringement and, for good measure, unfair competition. Trial is scheduled for September. It is not clear when the first California Ikea will open, but there's no question Kamprad has coast-to-coast ambitions.

The Russian connection is a lot smaller, as befits a struggling less developed country with a backward economy and nonconvertible currency. No stores, but a new factory with Swedish machines and low-wage Soviet workers in the town of Priozersk to produce karel pine furniture for export to a developed country—Sweden. Plans are under way to open a store in Budapest in 1990 or 1991, the

Ingvar Kamprad

first in Eastern Europe.

Meanwhile, Kamprad, 63, has turned daily operations over to President Anders Moburg, but retains control through a Dutch foundation from his comfortable tax exile in Switzerland, where he also runs Ikano, the family holding company that handles Ikea's credit card business, owns land under Ikea stores and makes other investments.

His net worth is easily over $2 billion.—**Philip Glouchevitch**

FREDRIK LUNDBERG AND FAMILY
How Buying Swedish Works

★ For the Lundberg family the road to riches led first to real estate and then to the Swedish stock market. Lundbergforetagen, founded in 1944 by Fredrik's father, Lars Erik, began as a building contractor. It got rich enough to start holding on to what it built in the late 1950s. Today, father, at 69, is chairman of the board, and the chief executive since 1981 is Fredrik, now 38 years old.

Fredrik, with a degree in civil engineering and one in business administration from the Stockholm School of Economics, has changed things. He sold some stock to the public in 1983 to enable him to buy out the half-interest of his sister, Eva Holmren Larsson. She took 930 million kronor in 1984 ($143 million at today's rates) and moved to the U.K.

Fredrik, whose preferred shares give him 90% voting control, looked around. He knew real estate, didn't much like what he saw in Sweden, but at the time a Swedish law (since repealed) forbade Swedish real estate companies from owning property outside the country. Not to worry: "It was obvious that the Swedish stock market was very undervalued," says Fredrik.

The Lundbergforetagen company soon had large stakes in Alfa Laval (agro-industrial), Incentive (conglomerate of medium-size industrial companies), Siab (building), Modo (newly formed pulp and paper company) and Ostgota Enskilda Bank (150-year-old regional bank that has begun to "outgrow its region"). A Swedish bull market ensued: The portfolio is now worth over 6 billion kronor, just under $1 billion, and the company's own stock has nearly tripled in the last five years.

Fredrik also still presides over almost 4 million square feet of residential and commercial real estate in Stockholm and other Swedish cities worth roughly $1.2 billion. His Lundbergforetagen shares fall slightly short of $1 billion, but the premium for his control would easily put Fredrik alone over the mark, according to Sven-Ivan Sundqvist, an authority on Swedish business, even without sister Eva's nest egg in the family.

Despite the tremendous runup, Lundberg doesn't think the Swedish stock market is too high. He says he plans to continue investing. But he hasn't forgotten his real estate roots. Like many other rich Swedes, Fredrik finally moved into tax exile near Zurich three years ago with his wife and two young children. He recently established a Dutch holding company, out of Sweden's reach, which already has several real estate investments on the continent and is poised to make more.—**Philip Glouchevitch**

MIDDLE EAST

SAUDI ARABIA

SULIMAN SALEH OLAYAN

The Pleasure Of Diversification

Perhaps the best known of the Arab billionaires, 70-year-old Suliman S. Olayan has been busy during the past year. In October his Olayan Group supplied $600 million in bridge financing for the $1.1 billion merger of First Boston with its European affiliate, Crédit Suisse First Boston. (The

Robert Azzi/Woodfin Camp

Suliman Saleh Olayan

financing shell for the deal, sso Ltd., took Olayan's initials.)

Indirectly, through holding companies, and directly, Olayan maintains a broad portfolio of stock investments in American companies worth hundreds of millions of dollars. Among them, according to 13-D filings and various sources, are Transamerica, First Chicago, Thermo Electron, Mobil, Occidental Petroleum, Chase Manhattan and J.P. Morgan & Co.

While his international investing draws most of the attention, Olayan is still quite active in his native Saudi Arabia, where he started his career by working in oilfields and then forming a construction company. His Olayan Financing Co., for example, has more than 30 joint ventures with foreign firms. Not surprisingly, the news back home is not as good. Olayan is chairman and estimated 11% owner of the Saudi British Bank (assets, $2.9 billion), which lost $67 million last year, entirely as a result of a one-shot provision for bad loans that bank officials say will allow an immediate return to profitability.

Olayan himself remains exceedingly liquid. Despite significant debt to Saudi lenders, he is still worth more than $1 billion.—**William P. Barrett**

JUFFALI FAMILY

Power Brothers

Saudi Arabia is undergoing severe economic retrenchment, but it isn't down to its last dime. Projects, though smaller and fewer, are still being built, and E.A. Juffali & Brothers is getting its share of new construction business. As a result, the family firm probably remains the kingdom's largest private business outside of financial institutions, a position held for many years. It has done so partly by forming joint ventures with many foreign companies and aggressively bidding on local construction projects and other proposals.

The prosperity of the Juffali organization dates back to 1950, when the three Juffali brothers—Ebrahim, Ahmad and Ali—built and opened Saudi Arabia's first electric power supply system. It just happened to power air conditioners in the mountain town where the royal family had its summer palaces. Pretty soon, the Juffali boys were electrifying the country's growing cities. They also became the Saudi distributor for Mercedes-Benz—and dozens of other items, including electrical products. The Juffalis and

Robert Azzi/Woodfin Camp

Ahmad Juffali

the Saudi royals still enjoy cordial relations, so the Juffalis continue to have an inside track.

Ahmad Juffali, 65, now directs the family fortune. The Juffalis have in recent years invested significantly in Western projects, including U.S. real estate and hotels. This, too, has helped the Juffalis maintain a fortune estimated at $1 billion despite Saudi Arabia's current economic problems.—**William P. Barrett**

AL-RAJHI FAMILY

A Bankable Name

Lucky were the Saudi Arabian investors who enthusiastically absorbed the public offering last summer of shares in the money-changing-business-turned-bank owned by the four Al-Rajhi brothers. Al-Rajhi Banking & Investment Corp.—the felicitous acronym is ARABIC—floated about 43% of itself for $26.70 a share, or $86 million. Less than a year later, the stock was up to $160, valuing the Al-Rajhis' 52% stake—the rest is owned by employees—at around $625 million. That's pretty dear for a business that reported a mere $8 million in 1987 profits, especially since the Al-Rajhis are believed to have kept for themselves many of the better assets of the old money-changing business.

On the other hand, the Al-Rajhis—Suliman, Salih, Abdullah and Mohammad—have shown for four decades they know how to make money. Historically, money-changing in Arabia was a kind of service-oriented nonbank bank, enabling individuals to remit funds abroad and make after-hours deposits of surplus funds. The Al-Rajhis were the biggest of the breed, particularly during the oil boom, when they skillfully invested a daily float that sometimes topped $4 billion. The Al-Rajhis reluctantly became a bank at the insistence of government regulators.

Five years ago, before the price of oil plunged, the family probably had a net worth of $5 billion. Declining Arabian property values helped erode their fortune. But the family has been active in ventures all around the world,

including real estate in the Washington, D.C. area.

Thanks to that, and to the investing Saudi public, they still must be worth far over $2 billion.—**William P. Barrett**

ABDUL-AZIZ A. AL-SULAIMAN
Risk Diversifier

The key to being a superrich, nonroyal Saudi these days is to have invested outside the kingdom before the oil bubble burst.

Such an individual is Abdul-Aziz A. Al-Sulaiman, 58, who parlayed a cement company into a fortune estimated at about $1 billion.

Al-Sulaiman is the son of Saudi Arabia's first finance minister, Abdullah Al-Sulaiman, who received an exclusive franchise to import cement. A pretty good perk in a place about to experience one of history's great building booms. Young Abdul-Aziz, who was briefly educated at Lafayette

Abdul-Aziz A. Al-Sulaiman

College in Easton, Pa., added to this formidable base in the 1950s by forming a new company to import and sell Datsuns and other foreign goods in the kingdom.

Years ago, Al-Sulaiman began channeling some of his capital outside Saudi Arabia, into hotels, financial service companies, banking, real estate and venture capital firms. So the calamitous oil bust that swept the Arabian peninsula in the early 1980s has had only a limited impact on his personal fortune.—**William P. Barrett**

BIN MAHFOUZ FAMILY
Impeccable Timing

The past year has been full of challenges for the Bin Mahfouz family. They control the National Commercial Bank of Jeddah, Saudi Arabia's oldest and largest (assets, $21 billion) bank. The Cyprus-based bank rating agency Capital Intelligence says the family sold its 30% stake in the Luxembourg-chartered Bank of Credit & Commerce International, worth maybe $120 million, just six weeks before BCCI was indicted in the U.S. on drug

Salim Ahmed Bin Mahfouz

money laundering charges. Impeccable timing.

Meanwhile, the National Commercial Bank wrestled with a severe case of troubled loans. Just last month, it was forced to sue in New York courts to foreclose on a posh apartment that fallen financier Adnan Khashoggi bought with a $22.25 million loan. The bank reported operating income of $258 million during a 16-month fiscal year ending last Dec. 31, but all the money went into reserves for loan losses.

Shed few tears, though, for the family. Led by patriarch Salim Ahmed Bin Mahfouz and his son, Khalid, the Bin Mahfouz clan runs the day-to-day operations of what is the largest bank in the world owned by a partnership (with the Kaki family). Their 60%-plus holding in National Commercial is worth more than $300 million.

And like other Saudi Arabian billionaires, the Bin Mahfouzes have huge investments around the world in real estate—such as the Cebu Plaza hotel in Manila—and financial institutions; many of these are held through one of their holding companies, Middle East Financial Group, as well as in the names of individual family members. All told, the Bin Mahfouz family is worth—still—at least $1.5 billion.—**William P. Barrett**

KUWAIT

AL-GHANIM FAMILY
Through Boom And Bust

The past year has been the best in a long time for little Kuwait: The end of the nearby Iran-Iraq war has prompted a significant rise, so far, in local real estate values. The prosperity is particularly good for the Al-Ghanims, who have long had important shipping, electronics, auto and food-importing businesses in their Al-Ghanim Industries holding company, along with juicy real estate. Starting with a local trade in kerosene in the 1930s, they added in the 1940s what became possibly the world's most profitable General Motors distributorship.

Long before oil prices headed south, the family was investing in the West, especially in the U.S., where Yusuf Al-Ghanim and his son, Qutayba, formed AI (for Al-Ghanim Industries) International Corp. as their leading investment vehicle. With their links to GM, it was not surprising that the Al-Ghanims entered the auto parts business in the U.S., forming AI Automotive Corp. and buying up rival jobbers and distributors to create one of the nation's largest such companies. How successful this venture has been

Yusuf Al-Ghanim

is not totally clear. Trade publications say the company has sold or closed a number of its distribution locations.

No matter. The Al-Ghanims have been in business in Kuwait for more than 50 years, through boom and bust. Their total net worth remains above $1 billion.—**William P. Barrett**

MOHAMED ABDUL MOHSIN AL-KHARAFI
Chunnel Player

The cessation of the Iran-Iraq war and the end of Kuwait's mild (compared to Saudi Arabia's) economic slump have both been very good news for Al-Kharafi, the 76-year-old patriarch of a formidable banking-construction-real estate empire. Al-Kharafi chairs and owns about 15% of the National Bank of Kuwait (assets $12 billion), generally regarded as the best run in the Persian Gulf. It certainly is one of the most profitable. The bank officially reported 1988 profits of $109 million, up 15% over 1987, although some experts say the actual profits are double the reported figure. The bank is a significant player in international lend-

ing; it is, for instance, one of the underwriters in the English Channel tunnel link between England and France and even brought a Finnish bond issue to market in Kuwait.

Al-Kharafi Industries is the country's largest builder, aggressively bidding on projects large and small. During the oil-fueled boom times of the late 1970s and early 1980s, it accumulated huge surpluses. The family also has extensive real estate holdings in Kuwait and other countries. Prominent Middle East investors estimate the Al-Kharafi family fortune at $1.5 billion.—**William P. Barrett**

Mohamed Abdul Mohsin Al-Kharafi

AL-MARZOOK FAMILY

Army & Navy Game

For many years the wealthy of the Middle East have invested in British real estate. The Al-Marzook clan is no exception. In April the family reportedly paid $48 million to buy the mansion overlooking London's Green Park that houses the prestigious Army & Navy Club, whose president is Prince Philip. Look for a rent increase, too; the club now pays less than $900 a month.

The purchase was another indication that the Al-Marzooks have held on to their wealth, estimated at well over $1 billion. Many of their fellow tycoons earned their money in trading or construction and then moved the proceeds into real estate. The Al-Marzooks, though, basically started with property. They operate through a myriad of companies, including Kuwait International Investment Co., Kuwait Real Estate Co., Kuwait Real Estate Bank, Financial Group of Kuwait—and on the side, Kuwait's *Al Anbaa* newspaper and Pearl Investment Co. of Bahrain. Some family members even operate a swank fashion store in Kuwait. Much of the family's investing is outside the Middle East—in the U.S., Europe and Japan, including real estate and banks. But by no means all. For family leader Khalid Al-Marzook, the rebounding Kuwaiti economy is turning 1989 into a very good year.—**William P. Barrett**

BAHRAIN

KANOO FAMILY

Blessing In Disguise

Bahrain's Kanoo clan operates one of the largest business empires in the Persian Gulf. Bahrain (pop. 400,000) is a tiny island-nation in the Persian Gulf just off Saudi Arabia that has profited mightily over the years as a transportation and commercial crossroads. Besides shipping, the Kanoo Group, as the organization is known, is in importing, insurance, banking and trading. The family's current leader, 66-year-old Ahmed Ali Kanoo, is also chairman of the National Bank of Bahrain.

The Kanoos not only dominate Bahraini business but are major players in Saudi Arabia as well, where many family members live. The crash of oil prices? Yes, it hurt the clan, but the good years were so good that the well-diversified Kanoo family holdings are still believed worth around $1 billion.

Originally the Kanoos were major factors in Persian Gulf pearl diving—a thriving industry that died in the 1930s after a big hurricane wiped out the oyster beds. The disaster was a blessing in that it forced the Kanoos to diversify. By comparison with the hurricane, the drop in oil prices was only a breeze for this adaptable family.—**William P. Barrett**

Kanoo family members

LEBANON

RAFIK BAHAUDDIN HARIRI

Ultimate Challenge

Son of a poor Lebanese businessman, Rafik Hariri rose to wealth in the late 1970s and early 1980s by winning billions of dollars of construction contracts from the Saudi Arabian government. He started with no royal family connections and, in the Saudi scheme of things, probably had to share some of his profits with senior princes who helped him get the business. But he also quickly developed a reputation for getting the job done on time and on budget.

Rafik Bahauddin Hariri

Hariri has been an active international investor, much of it through his Paris-based Mediterranean Investors Group. His investments include interests in banks, buildings and construction companies in Europe and the U.S.

On the negative side, the near-collapse last year of Paris-based Al Banque Saudi, in which Hariri had a significant stake, cost him maybe $30 million. Some U.S. real estate holdings also may have declined in value. But even after factoring in these reverses, Hariri's fortune is still estimated at well over $1 billion.

Still only 44, Hariri has continued his efforts to bring about a sustainable ceasefire in his native, war-torn Lebanon. Some say he harbors a desire for the ultimate political challenge: to become Lebanon's prime minister some day.—**William P. Barrett**

SAFRA BROTHERS

Competing Well Is The Best Revenge

The Safras, with family wealth estimated at more than $1.5 billion, are true globalists. Raised in Lebanon, Edmond J. Safra lives in Geneva on a Brazilian passport. His brothers Moises and Joseph live in Brazil, where they run Banco Safra, the country's 12th-largest bank and reputedly one of the most profitable.

Edmond, 58, last year put up $200 million of his own funds for a 21% stake in newly created Safra Republic, a Geneva-based banking operation that already has become one of the fastest-growing in the world. Safra Republic (with more than $4.3 billion in assets) is 49% owned by New York-based bank holding company Republic New York Corp.—itself more than one-third owned by Safra, who serves as its "honorary chairman." In addition, Edmond has many other assets,

including two small banks.

With Safra Republic, Safra hopes to duplicate the success he enjoyed from Geneva's Trade Development Bank. He established TDB in the 1960s and in 1984 sold it to American Express for $550 million in stock, which he eventually sold after a split with American Express management. Gossip says a major motive in establishing the new Swiss operation was to get back at American Express for pushing him out of his earlier Swiss creation.—**William P. Barrett**

TURKEY

VEHBI M. KOC
What's Turkish For "Sandbag"?

★ The Koc family is new to these pages this year. The fortune traces to the aftermath of World War I, when many Christian merchants fled Turkey, leaving behind a significant business vacuum. Into this commercial void stepped the family of Vehbi Koc, small-time Ankara grocers with big-time aspirations. Pretty soon the Koc (pronounced "coach") family business was repairing government buildings and acting as agent for such Western companies as Ford. Young Vehbi helped organize Koc Holdings in the mid-1920s.

Thanks perhaps to tough bans on foreign imports, the Koc business grew steadily over the years through startups, acquisitions and joint ventures with Western companies, which supplied parts for assembly in Turkey. Thus, Koc made Peugeot and Fiat cars, and Ford trucks. All this gave Vehbi, who enthusiastically adopted Western management techniques, a well-earned reputation as the Henry Ford of Turkey.

The really dramatic growth, though, has come in the last 15 years, largely under the export-oriented policies of Prime Minister Turgut Ozal. Koc Holding's sales doubled from about $500 million in 1973 to $1.1 billion in 1977, then tripled to about $3 billion in 1983. Today, Koc is Turkey's greatest industrial organization, with 1988 sales of $5.7 billion. The sprawling empire embraces more than 115 companies and owns more than 20 of Turkey's 500 largest companies. Besides vehicles, Koc companies produce food, manufacture textiles, underwrite insurance, conduct banking, build buildings and operate tourist projects. Although there is some public ownership and significant debt, the Koc family's holdings are easily worth $1 billion.

Now 88, Vehbi Koc has turned Koc Holdings' day-to-day control over to his son Rahmi, 58. But the old man is energetic and full of surprises. In 1985, for example, Koc took the occasion of a well-attended Istanbul business luncheon featuring then-U.S. Secretary of State George Shultz to rebuke the guest in public over American textile import policy. Caught completely off guard, Shultz sputtered to the delighted audience, "Do you have a word in your language for 'sandbag'? "—**William P. Barrett**

SABANCI BROTHERS
The Stuff Of Legends

★ Turkey, struggling to enter the ranks of developed countries, would seem an unlikely home for billionaires, but its Sabanci family has built such a fortune from a family cotton trading outfit. (It is said, possibly apocryphally, that six or seven decades ago 14-year-old Haci Omer Sabanci walked 300 miles through rural Turkey to find a job as a cotton worker.)

From cotton trading it was a relatively easy step to banking. In 1948 the by-then-prosperous Sabanci family established Akbank, named after Haci's birthplace of Akcakaya, and in 1954 moved the head office from the provinces to relatively cosmopolitan Istanbul. The Sabancis were in a good position to participate in the nascent import-substitution industrialization of Turkey.

The legendary Haci Sabanci died in 1966, but he left the business in good hands. Five sons now run Sabanci Holdings, which has become one of Turkey's leading industrial/financial organizations, and has put the Sabancis on our world billionaires list for the first time this year.

Akbank, its most important asset, is managed by Erol Sabanci. Akbank is Turkey's fourth-largest bank but first in profits ($151 million last year), with one of the world's highest returns on assets. Capital Intelligence, the Cyprus-based bank rating agency, considers Akbank to be Turkey's soundest bank.

Sabanci Holdings (1987 revenues, $3.7 billion) controls 15 of Turkey's 500 largest companies, concentrated in electronics, cement, tires, plastics, textiles and foodstuffs. The ownership structure is byzantine, but the family seems effectively to own at least 95% of the many-tentacled group. Allowing for debt, that stake is worth something like $1.5 billion. Sabanci Holdings, chaired by Sakip Sabanci, has extensive interests in electronics, textiles, cement and foodstuffs.—**William P. Barrett**

CITIZEN OF THE WORLD

THE AGA KHAN IV
Flying High

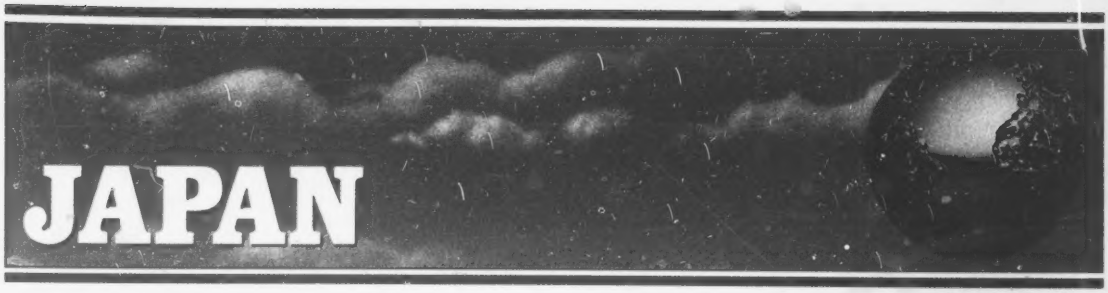
For the last 32 years, the spiritual leader of millions of Ismaili Moslems has been the Aga Khan IV, whose real name is Karim El-Husseini. His followers tithe him an estimated $100-million-plus a year, which is no small change. But he is better known in some circles as an airline/hotel tycoon.

Last year Fimpar, the publicly traded Italian holding company he controls, shelled out $20 million for majority ownership of Hispania, one of Spain's largest charter airlines. The Aga Khan already has Alisarda and Avianova airlines, both of which are rapidly expanding throughout Italy and nearby countries. Other Fimpar holdings include the Ciga chain of luxury hotels in Italy, the just-purchased Hotel Meurice in Paris, and a minority share of Austria's Imperial Hotels.

Baldev/Sygma

The Aga Khan IV

For his personal account, the Aga Khan, 52, has a large piece of the ritzy, 10,000-acre Costa Smeralda tourist complex on the island of Sardinia, which he and a group of investors started developing in the 1960s. Through his Aga Khan Fund for Economic Development, a profitmaking company he owns, the Aga Khan presides over a far-flung empire of largely Third World enterprises. He also owns 500 Thoroughbred horses, many of them champions, and a formidable stock portfolio. Educated in the U.S. (Harvard '59), the Aga Khan lives on an estate near Paris, carries a British passport and is worth at least $1.5 billion.—**William P. Barrett**



JAPAN INDUSTRY

SEIJI TSUTSUMI

Another Overseas Street

A part-time poet and novelist, the head of $25 billion (sales) Saison Group is bold in business, unlike richer half-brother Yoshiaki *(which see)*. Thus, Seiji built the unfashionably located department store he inherited into a 100-company empire with supermarkets, restaurants, travel agencies, insurance and consumer credit.

Take his swift $2.15 billion purchase of the Inter-Continental Hotels chain last fall, one of the largest overseas acquisitions by a Japanese company. It is Seiji's most aggressive foray overseas, too, but by no means the only one. He likes partners outside Japan. For Inter-Continental, Tsutsumi hooked up with Scandinavian Air Systems in April to manage the 101-hotel chain. In 1987 Tsutsumi joined the Rockefeller group, among others, to buy a hotel in Scotland, and lately Saison has been talking with Intourist about building and managing hotels in the Soviet Union. Seibu Department Stores plans a branch next spring in Hong Kong and further moves into Singapore and Taiwan with local partners.

Kyodo Press

Seiji Tsutsumi

Rapid expansion has a price. According to one source, Seibu, his original core company, alone carries some $1.6 billion in loans that virtually wipe out profits.

Some in Japan interpreted the Inter-Continental purchase as a challenge to half-brother Yoshiaki Tsutsumi, who runs one of Japan's best-known hotel chains. Both are rumored to be after the famous Hilton chain. Such talk is an old tale. Their father, Yasujiro, a successful entrepreneur, left most of his assets to Yoshiaki, the more obedient son. Some lines of Seiji's poetry hint at why the imperious old man favored Yoshiaki:

"I am what I am
So I joined no club
Even with those I love I spoke only inside my heart
And so I built my streets one by one."—**Gale Eisenstodt**

MORITA FAMILY

Just A $14 Billion Sideline

★ "Sony is merely a venture business for the Morita family," says Hideo Morita, vice president of the Morita group of companies and son of Akio Morita, the chairman of Sony. Hideo, 37, likes to remind people of where the family fortune began. In its 324-year-old sake and soy sauce company. His father, Akio Morita, had been slated to become master brewer at the Nagoya sake plant. But independent-minded Akio had other ideas. He won his father's permission to join with Masaru Ibuka, a World War II navy buddy, and start an electronics company. In 1950 the company produced Japan's first tape recorder, but its big break came when it bought Japanese patent rights for a new gadget invented in the U.S.: the transistor.

Seed money for Sony came from the old family company. Akio frequently turned to his father for loans to expand and paid back in Sony stock. So today Raykay, a Morita subsidiary, holds 6.6% of Sony, together with Akio's shares worth about $1 billion.

Andrew Popper/Picture Group

Akio Morita

Sony has become a legendary success. And the old family business? It's doing great. It's diversified into food distribution and convenience stores. Raykay, under young Hideo Morita, is scouting out new selling channels, including a direct sales division. He is also developing a resort in Niigata prefecture.

Hideo, reflecting on Sony's success, is frank in admitting that Japan has not always played by the rules in international trade. Says he: "My father's generation knew they were playing by different rules from the West when it came to trade, but they pretended they didn't understand the rules. That's why they won. My generation knows that we have to play by the same rules [as the West observes]."—**Gale Eisenstodt**

TADAO YOSHIDA AND FAMILY

Survival Of The Fittest

No thanks to Japan's supposedly efficient Ministry of International Trade & Industry, Tadao Yoshida built Yoshida Kogyo into the world's leading zippermaker. "The Japanese govern-

Robert Wallis/J.B. Pictures

Tadahiro Yoshida

ment never considered zippers an important industry," says Tadahiro Yoshida, the founder's son. "My father always felt the government protected the auto industry at his expense."

Ironically, in the 1980s, as Japan's automakers have moved overseas, MITI now holds up the $3.2 billion [sales] Yoshida Kogyo as a model multinational corporation—with zipper factories in 40 countries, YKK had long ago gone overseas to respond more quickly to the needs of local apparel manufacturers. The company reinvests its overseas profits in additional growth and grants local managers considerable autonomy. At home the Yoshidas have built an aluminum building materials business that now accounts for 70% of sales.

Founder Tadao Yoshida, now 80, is in poor health; son Tadahiro runs things. He reminds FORBES that his father was not shy about criticizing the government for coddling certain industries and believed that YKK's strength lay in the fact that the company had to build its own financial muscle, and had to avoid the glut of managers that make many big Japanese firms, by Yoshida Kogyo standards, inefficient. The Yoshida family still owns around 27% of the company, a stake worth some $1.3 billion.—**Gale Eisenstodt**

KANICHIRO ISHIBASHI
Watch Out, Goodyear

Observers who expected Japan's Bridgestone Tire to lie low and quietly digest its $2.6 billion acquisition of Firestone Tire & Rubber last year got a shock. At year's end Bridgestone announced a further $1.5 billion investment to be spent over three years to streamline Firestone's operations; and in February another $350 million for a new plant, in Tennessee. Bridgestone is also working at beefing up the overseas sales networks. Clearly Bridgestone is not content to be the world's number three tiremaker. Goodyear and Michelin, watch out.

What does all this mean for the family of Bridgestone's late founder, Shojiro Ishibashi (whose surname translates to "stone bridge")? A lot. Before the Firestone deal, Bridgestone seemed to be falling behind. Dominant in its home market, the 58-year-old company was not following the Japanese car manufacturers overseas. But Firestone brought it plants in North America, Latin America and Europe. Now Shojiro Ishibashi's son Kanichiro is honorary chairman, and the Ishibashi family's Bridgestone stock alone is worth over $1 billion. The Firestone purchase will probably augment that value considerably.—**Gale Eisenstodt**

Toshi Matsumoto/Sygma

Kanichiro Ishibashi

JUNICHI MURATA
"They Hate Us"

★ Not all Japanese billionaires owe their fortunes to real estate. Murata owes his to a clever product—the facsimile machine—well produced and stubbornly marketed. Matsushita, Ricoh, Toshiba and Canon laughed when Murata Machinery first started selling facsimile machines, but now the Kyoto-based manufacturer makes about 12% of the fax machines produced in Japan and recently introduced the first fax machines for less than Y100,000 ($680), setting a new price threshhold. "They hate us," Murata, 53 and a new name among our billionaires this year, says of his mainline competitors.

Founded by Junichi's father, Murata Machinery made textile machinery (still 50% of revenues) and later added machine tools and other industrial goods. Junichi took over in 1969 and launched the facsimile business in 1973. "I wanted a product that had a different business cycle than industrial machinery." At one point he paid the Boston Consulting Group to assess his potential; they told him to pull out.

Murata followed his instincts. By 1982 he was setting up a U.S. sales network. He hired R. Michael Franz away from Burroughs to run it and gave him almost complete autonomy. "A Japanese president would be easier to communicate with, but he'd concentrate on pleasing me rather than his U.S. customers," explains Murata. Franz targeted the home-office segment with faxes short on features but high in dependability and low in price. This year the U.S. division probably brought in about 20% of operating profits. Overall last year, the privately owned company earned around $70 million on sales of $1.1 billion. At prevailing Japanese market multiples, the company is worth around $1.8 billion.

Now Murata Machinery is developing other office automation equipment, but Murata recalls that it took the company ten tough years to turn a profit on fax machines. "My father came from a farming family and he made me farm when I was young,"

Robert Wallis

Junichi Murata

Murata says. "I hated it, but I learned that to produce something good there are no short cuts. Manufacturing is like farming. You will never see the instant profits of a stockbroker."—**Gale Eisenstodt**

KEIZO SAJI

Safe No More

When they drink, Japan's hip young consumers generally like imported prestige brands—Johnnie Walker, Ballantine, Moët and the like. Once prestigious Suntory Old is considered an old fogey's drink. Sales plunged from 11.3 million cases in 1980 to 5 million cases last year. This is bad news for

Philip J. Griffiths/Magnum

Keizo Saji

the Saji clan, which owns over 90% of Suntory, the predominant Japanese distiller.

Keizo Saji's father founded Suntory in 1899. For most of his life Saji, now 69, had contentedly concentrated on Japan, safe behind huge tariffs and other barriers. But now the liquor barriers are coming down. Suntory's 70% market share in whiskey and 22% in wine is still strong. But the company's exposure in the beer market is being threatened by last year's overheated dry beer war.

Saji's reaction? A tie-up with Britain's Allied-Lyons, a leading liquor and food company, last year. Suntory took 2.5% of Allied-Lyons, and sold it 1% of Suntory. Suntory is negotiating to use the Brits' global network to export its products, and will import the Brits' brands—including Canadian Club, Courvoisier cognac and Ballantine scotch; these will be sold exclusively in Japan through Suntory's distribution network.

In short, there could be a strong new competitor on the world spirits scene, one with deep pockets. Saji and family are worth some $3 billion, and they are going far beyond modest investments in foreign wineries (France's Chateau Lagrange, California's Chateau St. Jean).—**Hiroko Asami**

MASAHITO OTSUKA

No Kidding?

Thirteen years ago Masahito Otsuka turned over Otsuka Pharmaceutical, the company his father founded and that he expanded into one of Japan's most profitable drug companies, to his sons. But Otsuka is still "adviser" to the company. "When I feel a mistake is being made," says the charming, 72-year-old businessman, "I give my advice."

What kind of advice? There is Otsuka's secret of success: *"Kinben, setsuyaku"* (work hard, be economical). There is his advice to invest in land: "In business, there's always the fear of going bankrupt. But if you have some land, you can always come up again. Never think that a company is safe from bankruptcy." And there is his feeling that a good business should stick to basic necessities—food, medicine and housing.

The advice seems to work. The family owns some 30% of Otsuka

Robert Wallis

Masahito Otsuka

Pharmaceutical, the main company, with sales of about Y258 billion ($1.7 billion) and profits of about Y10 billion ($68 million).

A frugal man, like many Japanese of his generation, Otsuka had little time for hobbies. At last, he now has plenty for golf. Not so his sons. When he handed his sons the companies (one runs the drug business; the other runs affiliate Otsuka Chemical), he took away their golf club memberships on the grounds that they would no longer have time for such pastimes. When they resisted, he says he countered: "If you don't want to give me the memberships, you don't have to become president."

What goals does Otsuka still have before him? "If I live until I'm 80," he replies with a mischievous smile, "I would like to go to the U.S. for about six months and do all the things that we're forbidden to do here . . . like smoke grass. Then I can die content."—**Nobuko Hashimoto**

MATSUSHITA FAMILY

"Mokarimakka?"

That's "Have you made some money?" in Osaka dialect; reportedly it was Konosuke Matsushita's favorite greeting. The legendary founder of Japan's giant Matsushita group hoped to live to see the 21st century. But he

Ethan Hoffman

Konosuke Matsushita

had long been hospitalized, and died earlier this year of pneumonia at the age of 94.

Matsushita was widely mourned in Japan, where he was hailed as the "god of management." Among his many famous precepts was the "tap water" philosophy: It is the duty of industrialists to supply daily goods abundantly and cheaply to consumers, like water from the tap.

Konosuke was born to an old landlord family. But his father went broke speculating in commodities and Kon-

osuke had to leave school. In 1918, when he was 23, he set up shop making electrical sockets and plugs, and took off from there.

Two Matsushitas are left among the company's excellent professional managers: son-in-law Masaharu Matsushita, chairman; and an only grandson, Masayuki, 43, a director. Many suspect Masayuki will be groomed for the presidency of Matsushita Electric, the group's flagship company. Keeping the presidency in the family would be a popular move with the employees, and Masayuki has come up the corporate ladder quite swiftly.

Meanwhile, Matsushita Electric is considering buying in the late founder's stock, not a bad deal for the family. At current prices, this would provide some $1.7 billion in ready cash for Matsushita's heirs, and already Japan's gossip columns have come up with plenty of long lost relatives claiming rights to the inheritance.—**Nobuko Hashimoto**

HISAKICHI YAMAGUCHI
Kim Il Sung's Western Connection

★ The Japanese have always treated Korean-born businessmen living in Japan as second-class citizens, but Hisakichi Yamaguchi has prospered nonetheless. Born in what is now North Korea, Yamaguchi is founder and president of $1.7 billion (sales) Daiwa Can. He is 78 and has long shunned the press, so very little is known about him. This marks his first appearance among our billionaires.

The veil was pierced somewhat earlier this year. An Asahi publication reported that Yamaguchi and a close associate were behind-the-scenes intermediaries when Chung Ju-Yung *(which see)*, founder of South Korea's giant Hyundai, made a high-visibility trip to North Korea in January.

Why Yamaguchi? Several years ago, said the Asahi publication, Yamaguchi proposed to North Korean dictator Kim Il Sung a resort hotel project. Apparently the North Koreans were interested in the idea, but Yamaguchi could find no Japanese companies that were willing to participate; none wanted to risk damaging relations with South Korea.

But now there are tentative signs of thaw between the prosperous south and dilapidated north; could Yamaguchi yet do business in Pyongyang?

Who is Hisakichi Yamaguchi? Back in 1939, when Korea was still a Japanese colony, he started a cork company in Osaka; in 1950 he moved into cans. A technical tie with the U.S.' American Can Co. got Yamaguchi the most advanced production equipment available.

It is said that Yamaguchi was friends with Yoshihiro Inayama, the late chairman of the powerful Japanese Federation of Economic Organizations and former chairman of what is now Nippon Steel. Today Nippon Steel owns about 33% of Daiwa Can, and Daiwa is the second-ranking can producer in Japan. Yamaguchi owns 47.5% through a holding company; at prevailing multiples that stake is worth about $2.5 billion. He also owns half of a $200 million (sales) machine tool maker and assorted real estate. Regarding mergers, one of Yamaguchi's sons is married to billionaire Kenkichi Nakajima's *(which see)* eldest daughter.—**Gale Eisenstodt**

MURAYAMA FAMILY
Paper Billionaires

★ On Jan. 25, 1879 Ryohei Murayama went to press with the first edition of the *Asahi Shimbun*. A thin four pages, it was the cheapest of the five dailies in Osaka, written in a simple manner and illustrated with ink sketches of local scenes for the broadest possible public. In 1881 Murayama put up two-thirds of the initial capital of 30,000 yen (today about $204), and Riichi Ueno, hired on to help manage the paper, put up one-third, to buy out the local merchant who originally financed it.

Thus began $2.5 billion (sales) *Asahi Shimbun*, Japan's second-largest national newspaper, circulation around 12 million (including morning and evening editions, about 20% of the newspaper market). There are also interests in television and radio and numerous magazines. At prevailing Japanese multiples, the value of the family's share in the paper and its subsidiaries exceeds $1 billion.

Today the Murayama family owns over 40%, the Uenos some 20%. Michiko Murayama, Ryohei's granddaughter, jointly with Junichi Ueno holds the position of "owner," a strictly honorific title given descendants of the founders.

But the Murayamas have at various times taken the title literally and attempted to exert authority. Ofuji (a.k.a. Fujiko) Murayama, the founder's only daughter, waged a long battle to do just that. At the 1963 shareholders' meeting, the Murayamas refused to confirm the nomination of a managing director who opposed some of Fujiko's plans. That led the Uenos and other stockholders to pool their shares into a group with some 50%, reining the Murayamas. There matters have rested since.

Last spring Fujiko died at age 91. Japan's enormous inheritance tax has forced many a family to sell stock but few Asahi insiders expect the Murayamas to relinquish those shares and the potential power that comes with them. After more than 25 years, the fight goes on.—**Gale Eisenstodt**

HISASHI ISHII
The "Stalin Crash"

As far as FORBES' list of billionaires goes, Ishii is the only Japanese billionaire who made his money in Tokyo's *Kabutocho*, or stock market. From a farming family, Ishii arrived in Tokyo after the war and got a job in a stock brokerage firm. At 30, he forecast the famous "Stalin Crash" on the Tokyo Stock Exchange, so named because it coincided with the death of the Russian leader in 1953.

Capitalizing on his reputation, that same year Ishii founded his own brokerage firm and later went on to take over then-ailing Tachibana Securities. Last year Tachibana earned Y8 billion, about $54 million. The Ishiis now own over 80% of the company, which at prevailing multiples is worth around $2.6 billion.

The brokerage continues to expand. To its London office it added one in Hong Kong last year. It is said that

Hisashi Ishii

Ishii has plans to upgrade Tachibana to a *Sogoshoken*, an all-around securities company, like the bigger outfits that can handle underwriting.

Last December Ishii, now 66, stepped up to the chairmanship and turned the presidency over to a successor. He turned over his stock column as well. But he isn't leaving the market.—**Nobuko Hashimoto**

SHOJI UEHARA
Fresh Blood

The Ueharas, who became billionaires in the pharmaceutical business, take no chances with heredity. If no scion presents himself for leadership of the family businesses, they adopt a suitable candidate and give him the Uehara name. Shoji, 61, now Taisho Pharmaceutical's chairman, was a nephew of former chairman Shokichi's wife, and was adopted into the family. Akira, 48, the president and heir apparent, Shoji's son-in-law, is now also a Uehara.

So far the formula works. Akira Uehara joined Taisho in 1977 after 11 years at NEC, bringing a concept he learned working on a project with Honeywell in the U.S.: management by objective. So now Taisho division managers present their own projects and deadlines quarterly, which Akira synthesizes to give direction to the company. The idea is to encourage innovation yet force managers to set realistic goals. "You used to simply reduce costs to increase market share but now you need to introduce something new," explains Akira.

Robert Wallis/J.B. Pictures

Shoji Uehara

Taisho's strong marketing channels have kept it at the top of the over-the-counter market, but the Ueharas are moving the company into ethical drugs. How aggressively? The company has traditionally avoided debt but last October issued about $200 million in convertible bonds for new manufacturing facilities.

"The first generation worries about whether things are selling and whether there is enough cash. The second and third generations step into a profitable company and must think in a broader sense of ways to make it grow," sums up Akira.—**Gale Eisenstodt**

RYOICHI JINNAI
Das Finanzkapital

Jinnai came from a poor farm family, got into college, and became a Marxist agitator. His labor union activities lost him his government job in 1950, and he had to look for ways to survive. He eventually discovered moneylending and became one of the early *sarakin*. (*Sarakin* is a popular abbreviation for "salaryman's financing.") Charging legal interest rates in excess of 100% a year, Jinnai's firm, appropriately named Promise, grew rapidly. Like other *sarakin*, it also alienated more than a few Japanese working men. Eventually, in 1983, the government cracked down on the *sarakin*. Jinnai's company, one of the biggest, survived—it earned about Y9.3 billion last year, enough with Japanese multiples to make its 63-year-old owner and chairman a billionaire.

But times are changing, and the companies have been cleaning up their act. And coping with competition from the banks and even retailers. The government's current rate ceiling on consumer finance is about 54.75%. But Jinnai's Promise is meeting the competition by offering loans at between 25% and 32%. A sign of the times.—**Nobuko Hashimoto**

YASUO TAKEI
Harder Times

The many outlets of Takei's company, Takefuji, bear the familiar neon signs saying "Yen Shop," a reminder that Takefuji is the largest of Japan's consumer finance companies. Now 59, Takei started Takefuji in 1968 to exploit the lack of consumer finance for ordinary Japanese. Takefuji and other *sarakin* were able legally to charge annual rates as high as 109.5%. At those rates money really compounds, and Takei is today worth upwards of $1 billion.

Zaikai

Yasuo Takei

To finance Takefuji at the lowest cost, Takei went multinational. He borrowed extensively from foreign banks such as Barclays, National Australia Bank and Mellon Bank. But the company says it is now able to get cheaper financing back home.

With Japan's rapid development have come harder times for the *sarakin*. There is now a legal 54.75% per annum ceiling on consumer lending rates. Takei's top rate is currently 32.8%. Meanwhile, mainstream commercial banks have been pushed by Japan's Ministry of Finance into consumer lending, providing tough competition for Takefuji.

HATTORI FAMILY
Watch Out

★ The Hattori companies will be a good test of inherited money: a business empire well worth straightening out, but plenty of temptation to just let it slide. The business was started by Kintaro Hattori, who in 1881 opened a watch and clock retail store. This became $1.9 billion (sales) Hattori Seiko, Japan's second-largest watch company, recently overtaken by Citizen. In 1937 Genzo Hattori, the founder's eldest son, opened the separate Seiko Instruments; it is now a $980 million (sales) watch, electronic components and measuring instru-

Kyodo Press

Reijiro Hattori

ments manufacturer. From this also grew what is now Seiko Epson, the $2.7 billion computer and watch manufacturer, also established with family money.

These compose the Seiko Group, today a loose federation of four main companies and numerous subsidiaries with complex and often competing interests. Hattori Seiko is the only public company of the lot (the Hattoris own 40% directly or indirectly). The Hattoris are also majority owners of the otherwise separate Seiko Instruments and Seiko Epson.

For decades the early Hattori family businessmen held all this together, albeit loosely. But in 1987 Ichiro Hattori, Seiko Epson's dynamic ruler, died, followed shortly by Kentaro Hattori, the person most capable of unifying the group's diffuse interests. Now Reijiro Hattori, 68, and the founder's grandson, is group chairman, but for the first time outsiders are appointed to top positions in all four companies. Collectively, the Hattoris' corporate and property assets are quite likely worth over $2 billion. But whether the family has what it takes to make the companies work together still remains to be seen.—**Gale Eisenstodt**

KENKICHI NAKAJIMA
"Money Is A Wanderer"

As more Japanese companies adopt the five-day workweek, the pachinko parlor business is booming, and with it Nakajima's fortunes. His family's 88%-owned Heiwa is the biggest manufacturer of Pachinko machines (pachinko is the Japanese equivalent of pinball).

Nakajima, a Japanese citizen who came from Korea, struggled hard to build Heiwa, and still struggles to be first with newer and more competitive games. He recruits the best designers and spends heavily to apply the latest chip technology to his machines.

Now Nakajima has his eyes on other ventures. He commissioned a French architectural firm ("I wouldn't choose them unless they were famous") to build what he hopes will be "Japan's number one golf course."

Entirely self-made, Nakajima is now a multibillionaire. How does he feel about being rich? "An ideal wealthy person should have, besides a roof over his head, about Y1 billion [$6.8 million]," he replies. "It doesn't make much difference if he has much more. You can't go around wearing a

Robert Wallis/J.B. Pictures

Kenkichi Nakajima

coat made of pure gold, nor can you eat food ten times a day. In fact, it's probably better not to have too much because it creates an imbalance between yourself and the environment." He adds that one should not take money for granted: "Money is a wanderer and stays only as long as it wants to."—**Nobuko Hashimoto**

KIYOSHI SAGAWA
Time Saver

In Japan as much as in the U.S., time is money, which made the old Japanese Transport Ministry ban on transport vans traveling from one province to another so blatantly wasteful that the ban was finally struck down in

Kyodo Press

Kiyoshi Sagawa

1953. Now same-day or next-day delivery service in Japan has a secure niche in the frantic pace of Japanese life. One of the best in the industry: Sagawa Kyubin, its logo a running man, and largely owned by self-made founder Kiyoshi Sagawa, 67. Its operations in busy Tokyo alone make an estimated 200-million-plus deliveries a year.

Part of Sagawa's success seems to have been his incentive system, making each courier responsible for getting new orders and collecting money as well as making deliveries. This formula probably evolved out of Sagawa's own experience as a courier when he was young.

With a business and other wealth collectively worth about $1.8 billion, Sagawa ranks among the biggest individual taxpayers in Japan each year. He is also a noted conspicuous consumer; among other things he has sponsored singers, actors and sportsmen, and made donations to restore a famous temple. His private home in Kyoto is huge, and is reported to have its own artificial pond. A good role model, perhaps, for the oversaving Japanese.—**Nobuko Hashimoto**

TAKENAKA FAMILY
The Takenakas Are Coming

For centuries Japan's premier construction company, the Takenaka family's Takenaka Komuten, is trying its hand as a real estate developer in the U.S. It built the Hotel Nikko, in San Francisco. The U.S. could be seeing much more of the Takenakas, who by all accounts are smart cus-

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Toichi Takenaka

tomers. And large ones: Takenaka Komuten's annual revenues are now over Y1 trillion, close to $7 billion at current exchange rates.

The current president, 46-year-old Toichi Takenaka, is an internationalist who got his M.B.A. (in marketing) at Michigan State University. The company has had an office in San Francisco since 1960 and has built around the world: an airport terminal building in Abu Dhabi, the whole new airport in Singapore and the Japan-China friendship hospital in China, for example.

At home the Takenakas are known for innovative architectural work, as well as for introducing foreign construction techniques to their country.

If Takenaka Komuten were a public company rather than privately owned by the family, it would be valued at between $4 billion and $5 billion—a substantial amount even when measured by Japanese billionaire standards.—**Nobuko Hashimoto**

KUMAGAI FAMILY

Into The Breach

The lifeblood of some family companies runs thin in the third generation, but at Kumagai Gumi—the giant construction firm—it thickened. The early Kumagai family members were more interested in politics than business. They left management largely to a talented and trusted aide, Jinichi Makita, who became chairman in 1978 and died in 1987 at age 94.

Into the breach strode Taichiro Kumagai, now 56, the founder's grandson. As a young man, Taichiro spent one year as a trainee at an American construction company, and has looked outward ever since: With Makita, he is responsible for transforming his domestic-oriented civil engineering firm into a major world player. He paid his dues, taking low-margin work in places like Indonesia and Malaysia that diluted profits but gained the company presence and experience. Now Kumagai has shifted to more lucrative markets in the U.S., Hong Kong and Australia—and shies away from competitive bidding. He likes to put together and invest in his

Robert Wallis/J.B. Pictures

Taichiro Kumagai

own projects. The America's Tower, to be completed next year in midtown Manhattan, is one example. And in Hong Kong Kumagai will build a tunnel and retain the right to charge tolls for 30 years.

Back home Kumagai is benefiting from the private construction boom in office buildings and factories. The company is renowned for advanced tunnel construction techniques. This should be a plus as the government begins awarding contracts for new subway projects.—**Gale Eisenstodt**

KAWAMURA FAMILY

Takeover Artist

★ Shigekuni Kawamura, president of Dainippon Ink & Chemicals, is a bold hunter of U.S. companies. "Acquisition is the most efficient way to expand a business," says Kawamura, a new entry to the billionaire ranks.

In 1976 Dainippon Ink bought New Jersey-based Kohl & Madden Printing Ink Corp. for some $6 million. Three years later he paid $70 million for Yonkers, N.Y.'s Polychrome Corp. In 1986 Kawamura made the first hostile takeover attempt by a Japanese company of a U.S. company; this won him the graphic arts division of Sun Chemical. Then he paid $540 million in an unsolicited bid for Reichhold Chemical Ink. Most recently, in March, Dainippon Ink bought a division of Pittsburgh-based Koppers Co., for an estimated $78 million.

Kawamura himself doesn't have to worry about unfriendly overtures. Although publicly listed, the company is largely a family affair. Founded in 1908 by Kijuro Kawamura, Dainippon Ink grew from a family printing ink business into a large diversified chemical concern. Shigekuni, a graduate of New York University's business school, married the daughter of Katsumi Kawamura, then president of Dainippon. He took his wife's last name and was legally adopted into the family.

With about 17% of the stock in three holding companies with various business and real estate interests, the Kawamura family's fortune comes to about $1 billion. Kawamura has an edge in the acquisition game. Firmly in control, he can make significant decisions quickly. "I have more power than most leaders at Japanese companies," he says with a smile.

Kawamura has acquired firms whose businesses he has known for a long time. And unlike some Japanese companies that come here, Dainippon Ink keeps Americans in charge. "The most important issue when making an acquisition is the postacquisition problem [of running the company]," says Kawamura. "I don't think the Japanese can run an American company, for now, anyway."—**Gale Eisenstodt**

Bill Bernstein

Shigekuni Kawamura

MASAO KATO

How Sweet It Is

★ Masao Kato, chairman of Kato Kagaku, was yet another unknown quantity in the West when he purchased an office tower on East 49th Street in Manhattan in 1986 for $300 million. He paid a record price—$470 per square foot—and many Americans were shocked.

But in Kato's case, his fellow Japanese were even more startled. How did a corn syrup maker from Nagoya, a medium-size city, wax rich enough to plunk down that sum, about $100 million of it in cash, for Tower 49? Last October Kato Kagaku did it again, paying $250 million, about one-third in equity, for the Hyatt Regency Chicago, the city's largest hotel. With yields of 7% to 8% in the U.S. versus Japan's 2% to 3%, Kato realized the U.S. was a good deal.

Masao Kato, now 72, founded Kato Kagaku in 1945. At first the company produced malt syrup, like Hayashibara *(which see)*. In 1968 it began manufacturing corn syrup. Today the company, which produces some 2,000 tons per day of starch syrup, is the largest manufacturer of corn syrup in Japan. His eldest son, Shoichi, is now president. Another son, Sadao, spent one year at NYU and now works on the U.S. real estate. All this, plus hotels and real estate in the Nagoya area, gives the family company and a holding company a net worth, at prevailing multiples, of over $1 billion.

But the family fortune isn't just syrup and real estate. Kato is also an avid stock market investor. Some say he deals in "speculative stocks," but Kato would surely disagree. He booked profits of $150 million on his stock portfolio in 1986, which he used to invest in real estate. And in the panic selling of October 1987, Kato was a buyer, snapping up some 30 million shares of this and that at bargain prices.—**Gale Eisenstodt**

Masao Kato

KEN HAYASHIBARA

Be Small, Think Smart

Only 47, Ken Hayashibara is one of the youngest of Japan's billionaires. He was only 19 when he took over the business amid a family tragedy and dirty dealing by company executives. Since then he has quietly built Hayashibara Group, founded in 1883 as a malt conversion rice syrup manufacturer, into a pharmaceutical group whose companies grossed over $340 million. (They also own a big portfolio of valuable real estate in Okayama, Osaka and Tokyo.) Headquarters is in Okayama prefecture, around 700 kilometers west of Tokyo.

Toshi Matsuhoko/Sygma

Ken Hayashibara

How does a relatively small biotech outfit like this compete against the world's huge drug companies? Hayashibara does it by avoiding direct competition against the giants, by working out marketing and production agreements with the larger companies—and, most important, by spending heavily, usually 6% of sales, on research and development. With established businesses providing the cash flow, he can sustain this level of R&D indefinitely. This has so far produced some 5,000 patents in disciplines ranging from biotechnology to electronics. In order to market his products, Hayashibara has contracted with 50 companies, some as far away as Denmark.

A quiet and modest businessman, Hayashibara is not afraid to declare: "I hate to work," and can frequently be found practicing meditation or karate.—**Hiroko Asami**

MASATOSHI ITO

By Low Cost Obsessed

Not all Japanese businessmen are obsessed with owning land. For his Ito-Yokado chain of 135 discount stores, Denny's Japan (318 outlets for "authentic American" food), and several other outlets, Masatoshi Ito prefers leasing to owning. Leasing keeps capital costs down. Keeping costs, and prices, low is Ito's obsession.

As a result, Ito-Yokado's profitability beats any rival in its increasingly competitive field, according to *Nihon Keizai Shimbun*, the business newspaper. Ito and his family's 14% stake in the company and their holding in 7-Eleven Japan are now worth $1.7 billion. With more time and money in Japan for shopping, the fortune will likely keep growing.

Ito, now 65, has pioneered American retail concepts in Japan since his first visit to the States in 1960. Yet despite Ito's strong record, some analysts fret that his no-frills approach may very well cost him business. Ito-Yokado's competitors are more intense than ever, and Japanese consumers are obsessed with quality and service. Ito has not been as aggressive as rival Daiei in venturing into another American invention, consumer credit; but he has shown himself to be flexible before.

If consumers want something and Ito can offer it profitably, chances are that this brilliant merchandiser will.—**Nobuko Hashimoto**

Kyodo Press

Masatoshi Ito

JAPAN REAL ESTATE

YOSHIAKI TSUTSUMI

Still The World's Richest Man

Last fall, Yoshiaki Tsutsumi, still the world's richest man, turned down the chance to buy the Inter-Continental Hotel chain. His poorer billionaire half-brother, Seiji Tsutsumi *(which see)*, jumped at the opportunity and paid $2.15 billion. Yoshiaki Tsutsumi explained to a Japanese publication that he didn't have "the excess wealth" to buy the hotels at that price

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Yoshiaki Tsutsumi

by himself, and didn't want partners. "When it comes to the resort business, I don't believe in joint management in principle," he was quoted as saying. These days he is rumored to be after Hilton Hotels (current market capitalization, $4.6 billion), possibly again in not-so-friendly rivalry with his half-brother.

Yoshiaki Tsutsumi, 55, could certainly afford either property. True, our estimate of his net worth, at least $15 billion, is down from 1988's $18.9 billion, but that's mostly due to the recent rise in the dollar exchange rate, plus finding a smidgen of more debt.

If money isn't holding him back, what is? His cautious style. Tsutsumi probably doesn't want to take that big a flier in the less-familiar world outside Japan.

Tsutsumi controls his Seibu empire—an important railroad, Seibu Construction, the Seibu baseball Lions, and a web of other companies—through Kokudo Keikaku Corp., a holding company of which he directly owns 40%. The holding company owns land under golf courses, ski resorts and other businesses that is worth some $34 billion, plus nearly $7 billion in various Seibu company stocks, minus, according to one source, a mere estimated $770 million in debt (we count only the 40% actually in Yoshiaki's name).

His widely noted conservative style is attributed to the fact that he inherited the fortune from his father, Yasujiro. "He feels like he must protect the family business," says a Japanese business writer who meets with him.

Earlier this year Tsutsumi handed on the title of president of Seibu Railway to Iwao Nisugi, whom he recruited in 1986 from what is now Japan Railways. Few expect real change. Tsutsumi had entrusted day-to-day management to Nisugi and is expected to continue making the significant decisions. "I like creativity but my successor should not be a creator," Tsutsumi is quoted as saying. That's not the sound of a man who is willing to risk a big loss.—**Gale Eisenstodt**

TAIKICHIRO MORI

Natural Price Rise

"With the advent of the two-day weekend, Japanese have more time to play," Mori assures FORBES. How will Mori play it? Conducting business in his usual traditional dark kimono, Mori says his Mori Building will more than double the resorts it operates over the next five years.

But he is not abandoning the Tokyo market. His jewel is Ark Hills, a complex of office towers, condos, a hotel and even a concert hall, built for the

Robert Wallis/J.B. Pictures

Taikichiro Mori

foreigners flooding Tokyo. To be completed in 1992 in the same Minato-ku district will be Shiroyama, a similar complex where Japanese executives can also live a few minutes from work. In a city where brutal, two-hour commutes (each way) are common, Shiroyama should sell well.

Mori, now 85, became the world's second-richest businessman (our estimate drops to $14.2 billion because of the rising dollar, and debt overlooked last year) mostly by transforming Minato-ku, the Tokyo ward where he was born, from a neighborhood of little wooden houses into a glass and concrete commercial center. Today Mori owns 72 office buildings in Minato-ku.

Expect Mori to stay primarily in Tokyo. He has little interest in Osaka, Nagoya and Fukuoka, where speculators have recently sent land prices into orbit. We asked Mori, who taught economics until he was 50, about downtown Tokyo land prices, which are officially up only 2% this year as compared with 65% in 1988. "Up until now, land price increases reflected the natural prices plus speculation," Mori replied. "Gradually, the speculative element is disappearing and the natural price is appearing." Translation: The real value of land is still going up.—**Gale Eisenstodt**

EITARO ITOYAMA

Free Agent

As the Recruit scandal discredits the old guard of Japanese politics, 47-year-old Eitaro Itoyama is working to bring fresh young people to leadership within the ruling liberal democratic party while maintaining the party's grip on government. A billionaire when he inherited his father's wealth—mostly real estate—in 1985, Itoyama has great political influence but prefers to use it discreetly. Last March Itoyama quietly launched his own political group, the Heisei Club, with 25 young fellow members of the ruling party. He tells FORBES he is wary of talking too much to the Japanese press because "we'd be snuffed out straight away by the party elders." But now he is getting bolder. Itoyama predicts younger politicians will seek to stage a sort of coup d'état within the party. With his support, presumably.

Itoyama is not one of your provincial Japanese. He is in touch with events abroad. He is a worldly-wise man. "I can't go to sleep until I know what the stock prices are in New York," he remarks. On trade, he is more than just another free-trade

Eitaro Itoyama

advocate. Itoyama proposes a new order: Japan, U.S., Canada and Mexico in a sort of north Pacific "community," in which all barriers come down, really down. "Everything should become equal, investments should become free, with member countries allowed to visit each other without passports," he says.

Itoyama, worth at least $6.6 billion, left us with a bit of his wisdom, especially apt in these days of highly leveraged businesses. 'You shouldn't underestimate the strength of someone who has no debts . . . a group of companies, wholly owned by myself, with no debts. That's what real power is."—**Nobuko Hashimoto**

KITARO WATANABE

T. Boone's Good Buddy

In March, T. Boone Pickens spent $600 million to buy 20% of Koito Manufacturing, an auto parts maker with a strong relationship with Toyota. The seller: Kitaro Watanabe. The deal unsettled Japan's establishment, but so far Pickens has done little more than ask for seats on Koito's board.

Zaikai

Kitaro Watanabe

If the sale was a big deal to T. Boone, it was a sideline to Watanabe. His main business is real estate, with a nice sideline in selling imported cars—luxury vehicles priced over $82,000, including Rolls-Royce and Mercedes-Benz.

Peddling domestic used cars, then imported new ones, was actually the foundation of his real estate fortune: He bought the land under his car lots in the 1960s (when it was cheap), and then bought much more land. With a good hunk of it luckily located in Tokyo's now fashionable Azabu district, he rode prices into the stratosphere—his 99,000 square meters of Azabu are now worth well over Y10 million per square meter. Even after debt of about Y300 billion, his net assets are at least Y1.1 trillion—over $7 billion.

Watanabe is now 55. He now owns some 20 office buildings under his Azabu Tatemono (Azabu building). His plans call for building 30 more soon.—**Hiroko Asami**

SHIGERU KOBAYASHI

Rice For Land

As they become increasingly cosmopolitan, Japan's billionaires are becoming more sophisticated about political and charitable donations. Case in point: Shigeru Kobayashi, the highly leveraged Tokyo landlord who now has $2.7 billion invested in U.S. real estate. He donated $1 million to the Reagan Historical Library and $100,000 to Nancy Reagan's antidrug campaign. Kobayashi and his son Takaji were among the four Japanese invited to the grateful Reagans' official farewell party. (The other two were Japan's ambassador to the U.S., Nobuo Matsunaga, and his wife.)

"Diplomacy should be promoted on various levels, through official channels, but also at the corporate level," says Kobayashi. Backing his words with money, in March Shuwa signed on Kumagai-Turner, a Japanese-American joint venture, to build in Tokyo for him, thereby admitting the first American company into the formerly closed world of Tokyo private construction.

Last year, Kobayashi bought two buildings in Chicago. This year, he is opening a midwestern office. He says he plans to aggressively expand his U.S. holdings, already at 41 buildings.

Robert Wallis/J.B. Pictures

Shigeru Kobayashi

On another front, he told FORBES that he is looking into opening offices in Europe, most likely in Spain, France and Great Britain.

Kobayashi estimates his 54 office buildings in Japan are worth $7 billion. Against that are his immense borrowings, estimated by one source at $4 billion from Japanese banks and $1 billion from U.S. banks.

What of reports that Shuwa has bought heavily into several Japanese retailing stocks? For once, Kobayashi, who is often quite voluble, is keeping quiet. It seems he wants to shake up the retail sector's management. His one comment in the Japanese press: "I want to reorganize the industry, bringing various interests together to create a company with sales of Y1 trillion."—**Gale Eisenstodt**

YOSHICHIRO IWASAKI

Word Of Warning

At 87, Iwasaki looks frail and conducts an interview with us through his aide. But that doesn't stop him from enjoying life. For his 88th birthday (considered lucky in Japan), Iwasaki plans to fly with friends and family in a private plane to a major celebration in Australia, where he is building an enormous resort overlooking the famous coral reefs. The business is run by his son, but Iwasaki still travels around to oversee his company's operations. "He is a pioneer-type chairman," explains a corporate officer.

Iwasaki is sometimes called the *zaibatsu* of Kagoshima, the southernmost part of Japan, because he owns so

much of it. (He also owns some patches in central Tokyo, Hakone and Okinawa, bought many years ago.)

Iwasaki's main effort has been and still is to develop resorts in the region he loves most—the islands around Kyushu. Lately he has started jet foil services to two islands, both beautiful spots but as yet not easily accessible (one has an extra tourist feature: It is a base for Japan's space program). He has also been negotiating to build airports and resorts for Japanese tourists in Australia and Mexico, both of which are still awaiting permission.

Iwasaki is another of the billionaires who was born into a poor family and became wealthy through a lifetime of buying up land. He has some advice for younger entrepreneurs. "When I bought land, times were different. I wouldn't buy anything now, prices are too crazy!" he exclaimed, through his aide, to FORBES.—**Nobuko Hashimoto**

Kyodo Press

Yohachiro Iwasaki

MASAO NANGAKU
Eclectic Electronics Man

If you gamble at Las Vegas' Dunes hotel-casino, you're adding to Masao Nangaku's $1.1 billion fortune. Besides the Dunes, which he bought two years ago, Nangaku owns a castle in West Germany, a forest on Oahu, Hawaii, and Minami Musen Denki, a huge discount consumer electronic goods shop in Tokyo's Akihabara district that has become a well-known tourist stop. Included in the emporium is the Minami Museum, where you can see, among other things, Nangaku's collection of Salvador Dali's sculptured jewels.

Nangaku, now 70, started with the electronics shop in 1948. But his fortune really exploded when he caught the 1960s bowling boom in Japan just right. Then he caught the leisure boom by going into hotels and resorts, first in Japan, later abroad.

Perhaps because of the intense publicity his various overseas acquisitions generate, Nangaku is shy of talking to the press. He lets his business ventures speak for themselves.—**Nobuko Hashimoto**

Zaikai

Masao Nangaku

AKIKAZU FUJISAWA
Ex-Camera

Fujisawa, 53 years old, started later than Nangaku and looks slightly richer. But he's made his billion in a similar way. He started his own camera discount shop around 1975 and took a lot of heat from the middlemen he cut out so he could retail at cut-rate prices. But consumers loved him: Fujisawa's Yodobashi Camera chain is Japan's biggest discount camera retailer. It is also one of the best-known names in Japan because of the catchy jingle it's been running in TV commercials for over a decade.

Fujisawa operates mostly in Tokyo's high-rent Shinjuku district. Born poor in the north of Japan, Fujisawa has been quoted as saying he has lived only for work. Now he has several huge shops and sells not only cameras but just about every type of electronic product.

Anyone who has watched a group of Japanese tourists in action can appreciate the business a high-volume camera store in Japan does. Fujisawa's annual volume totals more than $480 million. That alone wouldn't put him among the billionaires. What does is this: With the camera money he earned, he bought land in Shinjuku, where he built his other shops. Including his $500 million worth of property, Fujisawa is worth about $1.2 billion.—**Nobuko Hashimoto**

Robert Wallis/J.B. Pictures

Akikazu Fujisawa

HARUHIKO YOSHIMOTO AND FAMILY
He'll Make Do, Somehow

Haruhiko Yoshimoto, 65, takes seriously what his fortune-teller—a good friend who is a Buddhist priest—predicted: Haruhiko must not undertake any new business this year. Accordingly, he halted work on a hotel construction project near Osaka's new Kansai International Airport and a resort on the Inland Sea of Japan. Says Haruhiko: "I am a fatalist."

Robert Wallis/J.B. Pictures

Haruhiko Yoshimoto

But it's apparently still okay to buy land, which, he says, is almost as important to him as being thrifty. And it's okay to look for future ventures. Haruhiko has his eye on a resort project on Okinawa, for instance. He also continues to lecture, to paying audiences, on how to be really tightfisted. (Free hints: Use note paper filched from bank counters instead of stationery and always wait for the other fellow to place the toll call to you.)

FORBES had thought the trillion-yen Yoshimoto Osaka empire was all his. Turns out the Yoshimotos are three related families, and he's just the most famous. The Osaka Hilton, for instance, is actually owned by his second cousin. The Yoshimotos together own about $7 billion worth of Osaka, all right, but Haruhiko's portion is roughly a third of that, about $2.6 billion. Good thing he's thrifty.—**Hiroko Asami**

HIROTOMO TAKEI AND FAMILY

Good Combination

What could be better these days than a fortune based both on media and real estate? And that's what Hirotomo Takei has. Takei's father was a local politician and newspaper distributor. The son began his career as a journalist with *Yomiuri Shimbun,* but quit after three years. Then he started *Asahi Geino,* a "soft" publication featuring screen stars. After selling the magazine, he got into real estate. At latest count, the family's Chisan Group owned 16 golf courses, 36 hotels, numerous buildings and a couple of warehouses, all together worth an estimated $7.8 billion.

Takei

Hirotomo Takei

Now 68, Takei dabbles in painting, writing books, and traveling to exotic places, while eldest son Hiroshi looks after Chisan Group's daily operations. The father is still involved in the business. While the Takeis have said publicly they don't like to do hostile takeovers (quite unpopular in Japan), reports are circulating that Chisan has bought up nearly 40% of the shares of Kasho, a medium-size trading company. Japanese press reports say that many of Chisan's acquisitions, however, have been companies that mortgaged shares or property to borrow money from Chisan, and couldn't pay. The company denies this, but now Takei owns, among other things, a Japanese-German delicatessen and a cotton spinning and fishing equipment company. Just the thing for retirement.—**Nobuko Hashimoto**

HEIZO KOBAYASHI

Rice For Land

Immediately after World War II, Kobayashi realized that parcels of land could be had in Tokyo practically for little more than a bag of rice. Thus were relative values back then. When he started a restaurant after the war, he bought land to put it on, and continued to do so for every restaurant he opened. His restaurants eventually became the famous Sanpei chain, now called Restaurant Sunpark.

Kobayashi, who to his disadvantage owned no land before the war, takes pride in the fact that all his commercial ventures (he started opening supermarkets in 1962, then hotels, discount shops, and game centers) stand on land he owns. "How can you do good business if you have to rent someone else's land?" he wrote in his memoirs. He owns land not only in central Tokyo and Nagano, where he was born, but also in Hawaii.

Despite his success, Kobayashi, 76, once bold, is a cautious man. Worth at least $1 billion, he remains extremely frugal.—**Nobuko Hashimoto**

TAMESABURO FURUKAWA

Movies For Cash, Land For Gain

★ Tamesaburo Furukawa celebrated his 99th birthday in January and makes his debut among the billionaires this year. It has been an eventful life. Born a Nakano, he was adopted by the Furukawas, distant relatives who lacked a child. At 16 he was apprenticed to a glass importer. But when the owner decided to donate all his money to a religious sect and close shop, Furukawa

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Tamesaburo Furukawa

launched his own business selling women's hair ornaments. He correctly foresaw the trend to Western styles and in 1917 opened a branch in Tokyo's Ginza, near the Hattoris' *(which see)* tony Wako store.

An economic downturn in 1921 nearly flattened Furukawa. He decided the surest way to conduct business was on a cash basis. This led him to owning and operating movie theaters, and then to restaurants and coffee shops near the theaters. His eldest son, now dead, started the family-run Nippon Herald Corp. in 1957 to import foreign films. Today the Herald Group is said to comprise some 50 affiliates with diversified leisure interests: theaters, the production and importing of films and management of resort properties.

But Furukawa's real wealth—like that of so many megarich Japanese—lies mainly in his investments in land and, to a somewhat lesser extent, in art. Much of the property he now owns in Nagoya he purchased before World War II; toward the end of the war he snapped up more. In the 1960s he started buying whole forests in Aichi and Gifu prefectures. Meanwhile, his collection of brush paintings, swords and wood block prints includes the works of such famous Japanese artists as Sesshu and Kaii Higashiyama; he has put the total value of the art collection at 200 billion yen ($1.4 billion). The land alone we value at around $2 billion.—**Gale Eisenstodt**

MATSUOKA FAMILY

Farewell

Seijiro Matsuoka, well known as a major collector at Sotheby's, Christie's and other art auction houses and to dealers large and small, died in March. He was 95. Born to a family of

Robert Wallis/J.B. Pictures

Seijiro Matsuoka

rice traders, he learned English from a missionary, built a trading business and switched to real estate. He avoided debt when possible.

Matsuoka attributed his longevity to getting plenty of sleep—up to 12 hours a day—and to his custom of eating a bowl of ground Japanese white radish in the morning, having a nightcap at night and maintaining a hobby—in this case, art collecting.

As with the real estate that made him a billionaire, so with his art: Once he bought, he never sold. And he was eclectic. The Matsuoka museum in Shinbashi, in the center of Tokyo, has his collections of Ming and Tang Chinese porcelain, Persian statues, Gandhara statues from India and ancient Roman busts, as well as famous paintings by Monet and Renoir.

Little has been said officially about how Matsuoka's estate will be settled, but his six daughters and their husbands will probably take over his several companies. One daughter is already running the museum; observers doubt she'll be as active at auctions as her father was.—**Nobuko Hashimoto**

HIDEKI YOKOI
Greek Tragedy, Tokyo Stage

More than seven years have gone by since the night of Feb. 8, 1982, when Hotel New Japan, in central Tokyo, burned down. The tragic fire killed 33 people. It was an accident. Nonetheless, the hotel's owner, Hideki Yokoi, now 76, was convicted of accidental homicide and sentenced to three years in prison, for failing to install required fire-prevention equipment. He was let out on bail.

Little has been heard from Yokoi lately, although some details about his past have emerged. Born into a poor family, he was apprenticed to a Tokyo cloth wholesaler in the late 1920s, when he was 15. In the 1930s Yokoi opened his own textile wholesale business. He went on to supply

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Hideki Yokoi

military orders both before and after World War II, and then moved into real estate. In 1979 he purchased the Hotel New Japan, on a large and beautiful site in central Tokyo.

As land prices in Tokyo have continued their upward march, the Hotel New Japan site's value has at the very least kept pace. Well located in central Tokyo, the parcel is valued at some $1.8 billion. The building remains as it was left seven years ago: a burned-out shell. But by some calculations, the site is now worth at least ten times what it was worth at the time of the fire. No doubt Yokoi has had plenty of opportunities to sell, but he has continued to hang on, presumably on the grounds that prime property can only keep rising in value. —**Nobuko Hashimoto**

RINJI SHINO
Paris, Japan

A narrow, unpaved country road leads to real estate billionaire Rinji Shino's country club. The clubhouse looks like a small chateau, for Rinji Shino is a raving francophile. The house is decorated with French-style sculptures,

Robert Wallis/J.B. Pictures

Rinji Shino

and directions both inside the club and on the golf course are in French. It really does not go well with the surrounding Japanese countryside.

Shino plans to open a 100-room luxury hotel on the site—in the French taste—costing over $110 million. Guests, of course, will be rich travelers to and from the nearby Kansai International Airport, which opens in March 1993.

And there is action on the 3-million-square-meter woodlot at the west end of Fontainebleau, near Paris, he bought in the early 1960s for $1.5 million and which has a big silicon reserve. "For the development, we are now negotiating with two West German ceramics companies, and the reserve is estimated at at least Y100 billion [$740 million]," he smiles.

Shino now owns restaurant, marine leisure, travel agency and gas-station companies. But especially he owns real estate, bought slowly at first, but always with a passion to restore his old landowning family's empire, expropriated after World War II. Today his daughter, Shigeko, 46, runs the businesses. Shino, at 79, is taking time out to appreciate and buy Japanese art.

Which he can well enough afford. Shino is worth over $2 billion, if you do not count the silicone reserve in Paris, within a whisker of $3 billion if you do.—**Hiroko Asami**

YONEICHI OTANI
Detail Worship

Yoneichi Otani is a second-generation billionaire: With his older brother, Kokichi, he inherited the land his father, Yonetaro, a onetime Sumo wrestler, bought from an impoverished

Robert Wallis/J.B. Pictures

Yoneichi Otani

aristocrat.

The prize family property is the Hotel New Otani, a first-class hotel situated on Tokyo land that would sell for about $200,000 per square meter—$14 billion worth in all. Yoneichi's share is worth around $2.2 billion. Industry analysts say the New Otani is the most profitable Japanese hotel. Occupancy is good but it gets most of its profits from parties, weddings and corporate receptions, which cost on average $220 per person.

The family owns 17 other New Otani hotels in Japan and has plans to start construction of another 3, though not in high-cost Tokyo. Abroad are New Otani hotels in Los Angeles, Honolulu, Singapore, and possibly this year, Beijing. In addition, the family's publicly listed TOC, which owns, manages and sells real estate, has started selling apartments in resort areas.

Yoneichi Otani is one of those managers who know that God is in the details. For instance, when he doubled the size of the flagship hotel 15 years ago, Otani managed to keep costs down by increasing the full-time staff to only 1,350, from 1,250. He did this by hiring part-time workers (particularly housewives who had free time) during the day and subcontracting out the cleaning of rooms and linen.

These were innovations in Japan, and they help to explain how this family has made and kept $3.2 billion.—**Nobuko Hashimoto**

KICHINOSUKE SASAKI

Envying Hef

In the past, Sasaki has told FORBES he had no interest in expanding into U.S. real estate. But he appears to be reconsidering. He has opened small offices in Los Angeles and Hawaii, staffed by Americans and serving as brokers for Japanese moving to the U.S. For Sasaki, it is a way to learn this strange, new market, with other people's capital at risk. Aggressive in Tokyo, he is cautious here: "Unless you can adapt to the American way completely, you can't do business well," he asserts in an interview. "One can lose a lot of money in this business."

Back home, he continues to buy. Tokyo rents are going up 20% a year for the commercial buildings—shops, restaurants and the like—that are most of his business, and Sasaki has a long waiting list.

Trained as a medical doctor, Sasaki has the typically Japanese conviction that, in the long term, land prices never go down. He modestly attributes his early success to luck. But then he adds, "You must have imagination, maybe even romantic dreams that you pursue with a concentration of will. Or to put it another way, concentrate all your attention and energy on one theme."

Sasaki, now 56, has a romantic dream of another sort. "I may get into trouble for saying this," he confides, "but I would like to have been like Hugh Hefner." The closest he got was a license for the Playboy Club in Hawaii, but then the whole Playboy Club chain closed down. And now the

Robert Wallis/J.B. Pictures

Kichinosuke Sasaki

owner of multibillion-dollar Togensha says, "I don't even have time now to date anybody. . . ." He says that is something he misses. Having time, that is.—**Nobuko Hashimoto**

GENSHIRO KAWAMOTO

Reassured

The "Kawamotomobile"—the Rolls-Royce limo that Genshiro Kawamoto has driven around Honolulu as he snapped up some $170 million worth of Oahu houses—rolled into some trouble. Honolulu Mayor Frank Fasi had harsh words for Kawamoto as he proposed legislation to ban home ownership by nonresidents. "Maybe 179 houses is a lot," admits Kawa-

Robert Wallis/J.B. Pictures

Genshiro Kawamoto

moto, who emblazons his Ginza buildings with his company's name in neon, "but I didn't expect such a fuss."

So last summer he switched to California's Sacramento and Santa Rosa areas. This time, instead of knocking on doors and wooing owners with huge sums of cash, as in Hawaii, he says he is buying tracts and building single-family houses for rent. He reports five projects under way around Sacramento, and plans for 1,000 homes. He has also been studying New York for some time, and says he's planning his first trip, to look around.

In Hawaii, the Kawamotomobile may soon be back in action. There is a scarcity of rental homes on the islands, and Kawamoto, 57, would like to fill the gap.

Kawamoto says he met with Hawaii governor John Waihee in January and was reassured that his yen were welcome after all.—**Gale Eisenstodt**

ASIA AND AUSTRALIA

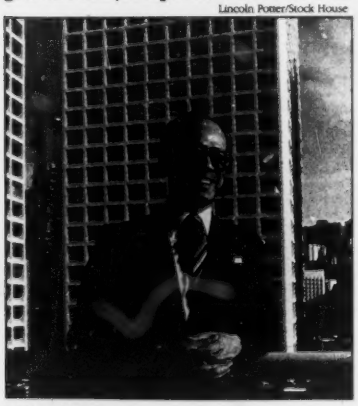
HONG KONG

LI KA-SHING
Long On China

Widely considered Hong Kong's richest and most powerful businessman, Li Ka-shing is betting heavily that Hong Kong will prosper after 1997. His Cheung Kong Holdings, the biggest conglomerate in Hong Kong, has over 30 million square feet of property portfolio. An associate company, Hongkong International Terminals, the world's largest private container terminal operator, already accounts for 45% of the harbor's total traffic. In association with Hong Kong companies and a Chinese company, it is building, for an estimated $1 billion, Terminal 7 to increase market share, and has been planning a bid on two more terminals later in 1989. Li is said to be planning a bid for a stake in an estimated $5 billion second airport.

Li also controls Hutchison Telecommunications. In a joint venture with a China-backed company, it plans to launch Asia's first domestic satellite. That's to feed the cable TV franchise in Hong Kong that another Li company, Hutchison Cable Vision, is bidding on. Cable, too, is a long-term, capital-intensive venture. If Li gets the bid (competitors include Y.K. Pao's Hong Kong Cable Communications), the company reportedly is planning to spend over $1 billion to wire Hong Kong.

Lincoln Potter/Stock House



Li Ka-shing

So large are Li's commitments, that some wonder if he has bitten off more than he can chew. But few doubt his ability to make friends in high places in Beijing. Li has reportedly been traveling "up and down" to Beijing to build a good base of contacts. While he long ago put large personal investments in safe places like British Columbia, the U.S. and Singapore, Li clearly intends a lot of his capital to grow in Hong Kong well into the next century.—**Katarzyna Wandycz**

SIR YUE-KONG PAO
Not Necessarily Bearish

A billionaire with major investments in Hong Kong, much of Pao's fortune is tied up in the world's largest privately owned shipping fleet, which he can sail away if the political environment grows hostile. But while he is cautious, he isn't necessarily bearish. As late as last December, Pao's World International Group spent some $183 million on an industrial development. Also, Wharf Holdings, the Group's property vehicle, is developing commercial property and industrial warehousing; the projects are to be completed by 1992.

After Tiananmen, what?

Does the recent violence in China suggest a bleak future for Hong Kong? Not necessarily. Hong Kong was booming before the army moved into Tiananmen Square. Beijing needs Hong Kong, and the more the colony booms, the more China will need it.

One of Deng Xiaoping's economic achievements has been Guangdong province, next door to Hong Kong. Guangdong's economy grew 30% in 1987-88 and has continued to grow this year. In Guangdong many can afford color TVs and video recorders. That success owes a lot to Hong Kong. Over 1 million Chinese workers in 12,000 Guangdong plants make toys, electronic goods and textiles for Hong Kong firms. Investment isn't limited to manufacturing. A six-lane highway from Hong Kong to Guangzhou is under construction.

Listen to Jack Lau, executive director of Tomei Industrial Holdings Ltd., a maker of consumer electronics employing about 10,000 workers in Guangdong. Lau: "Chinese partners provide us with land and buildings, so our investments are limited to production equipment, which we normally deduct from subcontracting charges, so, being in light industry, in two or three years we can get all our investment back. Chinese workers are skillful, and we pay them about four to five times less than we would have to pay workers in Hong Kong, and we don't bother with sick leave pay or severance pay, as the Chinese handle that."

Jacques Langevin/Sygma

Violence near Tiananmen Square

But after Tiananmen, Tomei Industrial plans to manufacture first in Malaysia and then in other Pacific Rim nations. Bankers who were to finance the superhighway are said to be equally wary.

The message is clear: Trample on Hong Kong, and you trample on Guangdong and a big piece of China's economic hopes. Beijing leaders understand that, and it's a good bet they factored it into their decisions during the recent uprising.

Stuart Franklin/Sygma

Sir Y.K. Pao

Even so, some analysts whisper that Sir Y.K. may not have that much confidence in Hong Kong. The group's most recent acquisitions, they point out, include $135 million for a U.S. hotel chain (Omni Hotels, bought in mid-1988). Described by some as autocratic, Pao has delegated son-in-law Peter Woo to manage the World/Wharf real estate group, and another son-in-law, Helmut Sohmen, to take care of the family's private holdings. But Pao, who is rumored to be fighting cancer, still likes to make most decisions himself; reportedly, outside managers usually don't survive longer than two years.

One line of thought holds that real estate investment is not Pao's top priority. "The family started in shipping and to them property development is something new," says Lam Sum Chee, of Merrill Lynch in Hong Kong. "They don't have the expertise or the team for it." But like most billionaires, Pao is nothing if not flexible. He is, remember, bidding against Li Ka-shing on the Hong Kong cable TV franchise.—**Katarzyna Wandycz**

SWIRE BROTHERS

There to stay

Swire Pacific is one of the oldest businesses in Hong Kong. Sir Adrian Swire and brother John, whose ancestors came to the colony early in the 19th century, own 27% of the company. With other holdings, the Swires are worth $1 billion. They're not leaving Hong Kong.

Swire Pacific owns over half of Cathay Pacific Airways, which has been granted a near monopoly on most of the air traffic rights. Cathay's net margin of about 20% is about four times that of American Airlines.

Swire's property development portfolio, upon completion in 1993, will be over 10 million square feet. Commercial property values in Hong Kong, which make up the bulk of their holdings, went up by 84% from April 1988 to April 1989. It is uncertain what impact the recent crisis in Beijing will have on values in Hong Kong, but it is believed that commercial property will be the least hit. Unlike developers who build and sell, Swire Pacific has funneled some $1 billion into property in the colony. Pacific Place Phase 1 and 2, for instance, to be completed and occupied by 1990, includes a 605-room Marriott hotel, about 1.5 million square feet of offices, and some 700,000 square feet of retail space. "Unlike other groups here," says a company spokesman, "the Swire Group has tremendous confidence in the future of Hong Kong."—**Katarzyna Wandycz**

Topham/Image Works

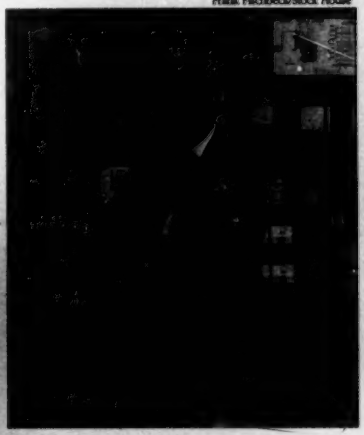
Sir Adrian Swire

KADOORIE FAMILY

Fanning Out

These old Hong Kong hands are the longtime owners of the territory's landmark Peninsula Hotel (now controlled through their 69% of the Hongkong and Shanghai Hotels, after beating off failed takeover attempts). Recently they've spent freely in the U.S. They paid $127 million last year for New York's Maxim's de Paris (the old Gotham Hotel) and renamed it the Peninsula. The Kadoories will also manage the Belvedere hotel in Beverly Hills, expected to open mid-1990, and have a stake in a hotel in Manila. Elsewhere, they recently lost out on a hotel bid in London, and are looking at other "gateway" cities, including Tokyo and Bangkok.

Frank Fischbeck/Stock House



Lord Laurence Kadoorie

The Kadoories are not afraid of Beijing; they manage a hotel in Guangzhou, only a couple of hours away in mainland China, and will open one in Shanghai early next year. The overseas investment seems to relate to the fact that competitors are building in Hong Kong, and mostly in the tourist end of the market. A hotel glut is widely feared.

It is in this context that the Kadoories and other cash rich Hong Kong hoteliers are fanning out. For example, Cheng Yu-tung, a billionaire last year knocked off our current list by the June 5 stock market collapse, runs the New World Hotels, which in April paid $356 million for 66% of the U.S.' Ramada Inc.—**Katarzyna Wandycz**

ROBERT MILLER

Override On Pacific Growth

★ Robert W. Miller and his partner Charles F. Feeney own 40% each of Duty Free Shoppers Group Ltd., the largest duty free retailer in the world (FORBES, *Oct. 24, 1988*). With some 160 airport and downtown duty free stores mostly around the Pacific, the chain grosses about $2.5 billion, and has netted around 15% pretax (according to analyst Desmond Byrne). Both men are billionaires. (Feeney is a U.S. citizen and so appears in the Forbes Four Hundred; Miller gave up his U.S. citizenship, apparently to save on taxes.)

The secret of their success is the Japanese tourist boom. Japanese are obligated by social custom to bring gifts back for friends and relatives. For these presents, they spend lavishly (up to $1,400 per tourist), with half the money winding up in duty free shops. By 1988 Miller and Feeney were serving over half the 8 million

Hong Kong Tatler

Robert Miller

Japanese who traveled overseas. The closest competitor, Allders International, a former division of England's Hanson Plc., is a fifth DFS' size.

Miller and Feeney have turned things over to professional management. But they were involved last year, when concessions for the crucial Honolulu and San Francisco airports came up for bids. When the dust settled, they had won the Honolulu franchise for $1.15 billion, which could erode profit margins, but lost San Francisco to Allders International.

Will increasingly aggressive competition undermine them? Don't bet on it. They allegedly pay Japanese tour guides and operators to guide their flocks to the Duty Free Shoppers stores. And the partners have started to diversify their private business interests. Through his Search group of companies, Miller is said to have invested in, among other things, a Hong Kong bank and real estate, and a steel mill in China.—**Katarzyna Wandycz**

TAIWAN

KOO FAMILY
More Room For Action

★ The Koos, new to our list, were among the island's landed gentry when the Japanese ruled. The family was pushed into the industrial sector when Chiang Kai-shek's government took their land and gave them shares in Taiwan Cement in 1954 under the "land-to-the-tiller" reform.

The Koos became industrialists. Koo Chen-fu, current chairman, also became a founder of the Taiwan Stock Exchange. Koo Chen-fu, 73, and family diversified into a 60-company conglomerate, with interests in finance, cement, petrochemicals and shipping, including Taiwan's largest privately owned financial institution, China Trust (1988 reported net profit, $70 million). The Koos introduced the credit card in Taiwan and participated in creating the first investment bank.

The Koos are widely respected on

Jeffrey L.S. Koo

Taiwan—Koo Chen-fu is a member of the central standing committee of Kuomintang and adviser to Taiwan's president, while his nephew, Jeffrey L.S. Koo, chairman of China Trust and of the family's New York-based China Trust Bank, is an adviser to Taiwan's premier. They are well positioned to make use of new banking law in the works *(see box, below)*. They are among over 20 groups that have applied for licenses to form commercial banks.

New laws and regulations are expected to take some business from Taiwan's underground investment shops. But it's probable the first steps by new banks will be modest, resulting in conservative new investment products. The more imaginative ploys—like short-selling or option trading—will probably continue underground.—**Katarzyna Wandycz**

TSAI WAN-LIN AND FAMILY
You Bet Your Life

Is a Chinese life insurance company worth $20 billion—about 250 times earnings? That's the value the obviously crazy Taipei market puts on the Tsais' Cathay Life Insurance (assets under management, $5.4 billion).

But forget mad speculators a moment. Cathay has a golden opportunity. Per capita income in Taiwan exceeded $6,000 in 1988 (compared with $16,500 in the U.S.). That means more people with enough discretionary income to start buying life insur-

Taiwan's banking reform

Despite the great waves of money washing into (and, more recently, out of) Taiwan, no license to open a new bank has been issued for about two decades. Part of the reason has been the ruling Kuomintang's long-standing desire to control credit and prices: The memory of the great inflation during the civil war against Mao's communists is still vivid in the minds of many old Kuomintang stalwarts.

A price has been paid. Taiwan's aboveground financial sector lags at least 20 years behind the country's economy. Taiwan's legal banks, for example, very rarely lend on balance sheets, usually demanding real estate collateral. This makes the banks useless to those entrepreneurs who are looking for venture capital. Taiwan's protected banks, some like to say, are run "like the post office," i.e., inefficiently.

Inefficiency, of course, creates opportunity, and a flourishing clandestine network of underground investing institutions has developed. These range from sophisticated money managers run by people with M.B.A.s from the U.S. to dicey stockbrokers to out-and-out frauds. But through them Taiwanese can buy blue chip American stocks, Hong Kong futures, almost anything they want. The investors can also borrow, at usurious rates.

This is about to change. A new banking law—to be passed later this year—will allow aboveground banks and trust companies to be created, and legalize some kinds of investments. Reform will help most of the established financial institutions. The recognition is spreading that Taiwan is destined to get a financial system commensurate with its impressive manufacturing economy.

Chan Barrett/Excellence Magazine

Tsai Wan-lin

ance. Traditionally, the Chinese would save a third of annual earnings and rely on their extended families in disaster. But with western ways and lifestyles catching on, Taiwan's life insurance business is growing about 25% a year, with no end in sight. All good news for Tsai Wan-lin, chairman of Lin Yuan Group, which includes 70% of Cathay Life. Cathay has about 50% of the market.

Good for others, too. The government currently allows two foreign life companies a year into Taiwan. Metropolitan Life and Aetna, among other insurers, are already there. John Engle, a senior analyst at Ting Kong Securities in Taipei, says of this competition: "There is more than enough to go around."

The Tsais' company's $20 billion may be only on paper, no more solid than the dicey Taipei stock market, but the family's prospects in the insurance business as such are rock solid.—**Katarzyna Wandycz**

CHANG YUNG-FA

Fly The Evergreen Skies

Flying out of Taiwan these days is like flying home for Thanksgiving in the U.S. Usually, you have to get your ticket at least two to three weeks before the flight. Chang Yung-fa, chairman of Taiwan's Evergreen Group—owner and operator of the world's largest container shipping line—has noticed. In March he finally got permission to operate the first private international airline in Taiwan, alongside the state-controlled China Airlines monopoly. Evergreen plans to start flying in early 1992 and expand to the U.S. and Europe in the mid-1990s.

Evergreen, as usual, is thinking big. The initial investment, estimated at $100 million, may easily be tripled. Evergreen has already ordered four Boeing 747-400s, with options on four more, and is discussing joint ventures with potential foreign partners, including possible air freight operations. The company plans to set up a special training center for pilots and cabin crew in Taiwan. Evergreen is following up the planes with hotels—one planned in Hong Kong, others in Los Angeles and Malaysia.

Thus Taiwan follows the Japanese and, more recently, Korean trend of global diversification. "Whenever Evergreen does anything... they keep

Bill Kasby

Chang Yung-fa

throwing money at it until they become the biggest," observes John Nelson, manager of research at Jardine Fleming in Taipei.

Chang will have quite a potential market just in Taiwan—almost 7 million passengers in 1988. Travel to mainland China, mainly via Hong Kong, first allowed just over a year ago, ran near half a million a year before June's turmoil in China.

But it is the shipping business that has made the Chang family billionaires. They innovated reliable, round-the-world service routes, linking major container shipping routes across the continents. Their 70% stake in Evergreen Marine Corp., and other holdings, are worth at least $2.2 billion.—**Katarzyna Wandycz**

HSU FAMILY

No Self-Pity

The problems now besetting Taiwan's textile industry sound familiar—foreign competition, high labor costs, aging equipment, narrowing margins. But the industry-leading Hsu family is not looking to bureaucrats in Taipei to protect them. They are, instead, looking only to themselves. It's what you'd expect from a family that moved its small knitting factory from Shanghai to Taiwan in 1949 and built a textile-based conglomerate, Far Eastern Group, with total 1988 sales of $2 billion. The Hsu family's interest is worth more than $1 billion. Says Douglas Hsu, president of Far Eastern Textile, summing up his labor problems without a trace of self-pity: "People are wealthier, and they demand more."

Excellence Magazine

Douglas Hsu

Operating profits at Far Eastern Textile fell some 50% in 1988 on sales of $765 million, but Hsu remains bullish. He's not in bad shape at home. Some 60% of his equipment is under ten years old, and the company is investing 20% of sales in modernization. And the Hsus are already well diversified—a securities house, retailing and cement production, a shipping company and much more. But he temporarily closed a plant due to union unrest and now has garment factories in the Philippines and Singapore, where labor is tamer and lower-cost. Hsu is going upscale to more sophisticated but harder-to-make products that promise higher margins—and turning to Taiwanese workers for the skills required.

Analysts also credit smart financial engineering under U.S.-educated Douglas—son of Y.Z. Hsu, founder of the group and chairman of Far Eastern Textile—and his team of young, also U.S.-educated managers. "If our competitors do not move in the same way," Hsu says, smiling, "they will be left behind."—**Katarzyna Wandycz**

Y.C. WANG

Go East, Young Company

The petrochemical conglomerate Wang founded in 1954, Formosa Plastics Group (1988 sales, $5.8 billion), has invested serious money in the U.S., not to sidestep protectionism here, but to escape problems at home. Petrochemicals in Taiwan will barely

Robin Moyer/Gamma-Liaison

Y.C. Wang

grow in the next two years.

The key issue is a chronic shortage of ethylene, a basic building block for plastics, in part because of a lack of storage capacity for the combustible gas, in part because of Taiwan's powerful environmentalist movement. Formosa Plastics, for instance, has run afoul of them despite a heavy investment in pollution control.

Also, some Taiwanese downstream processors—for example, shoe manufacturers—are moving some of their production to other Southeast Asian countries. "If downstream industries go away, it's going to influence the whole vertically integrated petrochemicals sector," worries Winston Wang, general manager at Nan Ya Plastics—a PVC processor in the vertically integrated group—and son of the 73-year-old chairman. "It's already affecting demand for petrochemical derivatives," he says.

And the U.S.? It has the technology and, Winston says, "good law and order." Formosa has 14 plants in the U.S. (1988 sales, $650 million) producing plastic resin pipes and other products. In Louisiana, Formosa has invested $170 million to add new plants to existing facilities. Preparations have begun for a $1.7 billion petrochemical complex in Texas. It could be running by 1991, pending EPA approval. This complex will export 70% of production to the world market, but, Wang adds, "A lot of products we now export to the U.S. can be manufactured in the U.S. This will contribute to the trade balance between Taiwan and the U.S."

In adversity there is often opportunity.—**Katarzyna Wandycz**

KOREA

CHUNG JU-YUNG AND FAMILY

Eclipsed By The Moon

Hyundai's honorary chairman and founder, at 73, thought he'd quicken the pace of détente between the Koreas by crossing the 38th parallel in January and making a deal. During his visit (helped by Japan's Hisakichi Yamaguchi, *which see*), the first by a South Korean businessman, he agreed to develop a mountain resort and a port facility. The South Korean government had reservations about the visit, but Chung reckoned his legendary business credentials—he built Hyundai into Korea's second-largest (combined sales) company in 42 years—could handle any government flak. But in April a second unauthorized visit to the North, by the dissident Reverend Moon Ik-Hwan (no relation to the Moonie, Sung Myung), enraged South Korea's government. Chung's plans are on hold. Meanwhile, he visited the Soviet Union, but so far few ship repair contracts have materialized. An agreement to develop natural resources in Siberia remains unfulfilled.

Hyundai was first a construction company but soon became a huge conglomerate, a chaebol, with dozens of businesses, most notably shipbuilding and autos. Now, in Quebec Hyundai produces its own Sonata cars and, soon, Eagle cars for Chrysler. The turbulent labor unrest at Hyundai that made headlines last year appears to have subsided for the time being.

Anthony Suau/Black Star

Chung Se-yung

The company says a settlement has been reached with new labor union leader Sung Myung-chu.

Although Chung stepped down as active chairman in favor of younger brother Chung Se-yung, 60, he still plays a prominent role, as his détente initiatives show. Two brothers and seven sons, five of whom head Hyundai divisions, work for the company, and son Chung Mong Ku, 50, is reportedly being groomed for the top position.—**Philip Glouchevitch**

LEE FAMILY

Firing The Boss

Lee Kun-hee, 47, third son and successor to Samsung's late founder, Lee Byung-chull, doesn't have the luxury of anonymity. Strikers at the Samsung shipyard burned him in effigy last December (a settlement has since been reached). Samsung long avoided labor strife by paying its nonunionized workers better wages than other

H. Edward Kim

Lee Kun-hee

chaebol, but now Korean labor in general has become more militant.

Lee has been trying to make Samsung Group (sales, $28 billion) more competitive as yesterday's cheap labor and currency become history. Samsung now mass-produces 1-megabit DRAM chips, and will add the 4-megabit variety this year. Lee will also have the benefit of receiving personal business advice on conditions in the U.S. from George Bush's younger brother William.

Samsung was founded in 1938 to export fruit and dried fish to Manchuria. Founder B.C. Lee learned a lot from Japanese industrialists, and Samsung is really a Korean version of the prewar Japanese *zaibatsu*. The Lee family's ownership of the Samsung

sung group makes them worth at least $1 billion.

The new chairman was chosen as the ablest sibling. His eldest brother was "reportedly on an overseas trip lately," says a company spokesman. Second brother Chang-hee, a major stockholder in one subsidiary, runs his own video- and audiotape producing company, Saehan Media. But the sibling who attracted the most attention was sister Sook-hee, for her marriage to a younger brother of Lucky Goldstar Chairman Koo Cha-kyung some years ago. A merger made in heaven.—**Philip Glouchevitch**

KOO FAMILY

Family Affair

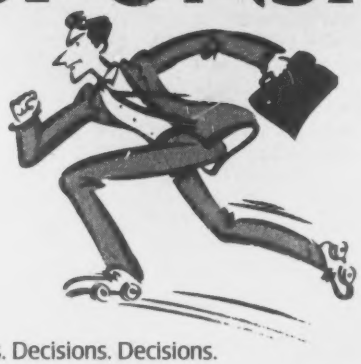
★ The chairman of Korea's Lucky Goldstar Group, Koo Cha-kyung, 65, wanted to become a university professor, but as the eldest son his duty was to assume the chairmanship when his father, founder Koo In-hoe, died in 1969. The younger Koo was inexperienced, but a quick study: Today Lucky Goldstar has combined sales of $23 billion, primarily in chemicals, oil refining, and electronics. Worth over $1 billion, the Koo family rises to billionaire status this year.

The Lucky Chemical company was founded in 1947 to make a cosmetic cream, later adding toothpaste and soaps. Koo was backed by a Korean old-money family named Huh, which still has members in key positions in the company and owns some of the stock as well.

In 1958 the Koos founded the Goldstar electronics company (the elder Koo liked the Chinese character for "gold star") and produced the first Korean radios. Today Goldstar produces televisions, compact disc players,

Koo Cha-kyung

WE'RE RESPONSIVE.



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semiconductors (in a joint venture with AT&T), and telecommunications equipment.

Of all the large Korean chaebol, Lucky Goldstar historically has been the least dependent on foreign sales, with only about one-third of its output being exports. But that ratio is changing.

One thing that doesn't change is keeping Lucky Goldstar a Koo family affair despite government pressure on the chaebol to go public. Several of Chairman Koo's uncles work for the group, as do four of Koo's brothers. (A fifth brother died and a sixth has his own company.) Of the chairman's own six children, two daughters are married, and two of four sons work for the company. The eldest, Koo Bon Moo, 44, is the group's vice chairman and likely successor. Koo himself avoids the limelight, retreating often to his farm near Chonan where he raises prize hogs.—**Philip Glouchevitch**

SHIN KYUK-HO, A.K.A. TAKEO SHIGEMITSU

Lotte Luck

Shin's Korean baseball team, the Lotte Giants, is in last place, and his Lotte World—a $1 billion amusement park, shopping center and hotel complex—is not quite completed. The hotels, department stores, restaurants and shops at the 36-acre site near the Olympic stadium in Seoul's suburbs are ready, but the theme park that is supposed to bring the total draw up to 200,000 visitors a day is behind schedule. It should open soon.

Zaikai

Shin Kyuk-ho

No problem. Shin controls an even larger fortune in Japan, with a confectionary company and real estate worth close to $8 billion.

Shin, 66, grew up in Korea but moved to Tokyo in 1943 and studied while working as a delivery boy. He founded Lotte (the name comes from Goethe's heroine Charlotte in *The Sorrows of Young Werther*) in 1948, thus overcoming his own youthful romantic streak: "I despised those who made money," he told FORBES. Shin began to make chewing gum after noticing American G.I.s handing it out and making it popular. He later moved into chocolate. Much of Shin's profits went into real estate.

Shin returned to Korea in 1967 to set up another confectionary company, and later opened his wildly successful Lotte department stores. And Lotte World? Shin already has plans to open a second in Pusan, Korea's second-largest city.—**Philip Glouchevitch**

SINGAPORE

LEE FAMILY

Back To The Fore?

"The old lady's lifting her skirts," a Singapore-based analyst told FORBES with a wink. Meaning: The venerable Oversea-Chinese Banking Corp., controlled by the family of Lee Seng Wee, wants to regain its onetime leadership of Singapore's Big Four banks. It is

REGIONAL FLIGHT

ATR 42-ATR 72

The cooperation between AEROSPATIALE and AERITALIA has resulted in new aircraft ATR 42 and ATR 72, first editions of the ATR family. These new generation turboprop jets benefit from recently developed state-of-the-art technology. This family of aircraft was designed so that their seating capacity can be extended from 46 to 70 seats in answer to airline passenger traffic fluctuations.

GEOGRAPHIC PRESENCE: Keeping ahead of airline needs on 5 continents.

THE TOTA

Dilip Mehta/Contact Press

Lee Seng Wee

now third, but the bank is rich. As OCBC's stock continues to recover from the 1987 crash, the value of the family's estimated 30% has climbed to $850 million.

But if the Lees are to regain their former preeminence, they must reveal and exploit the bank's hidden assets. For instance, one subsidiary is OCBC Property Services. Established in 1987, it manages lucrative Group properties in Singapore and Malaysia. Just three, including Singapore's I.M. Pei-designed OCBC Centre, have a market value exceeding $360 million; the 1987 annual report lists total fixed assets at a mere $143 million.

Why reveal this teaser now? OCBC Property is expected to be spun off and listed soon, and the news might boost shares of the bank, which will keep control.

The Lees also own rubber, palm and pineapple plantations. Lee Rubber is known as Malaysia's top rubber and latex exporter. Estimates on the extent of the family's land holdings vary, ranging upward from 20,000 acres.—**Katherine Weisman**

Straights Times

Kwek Hong Png

KWEK (AND QUEK) FAMILY

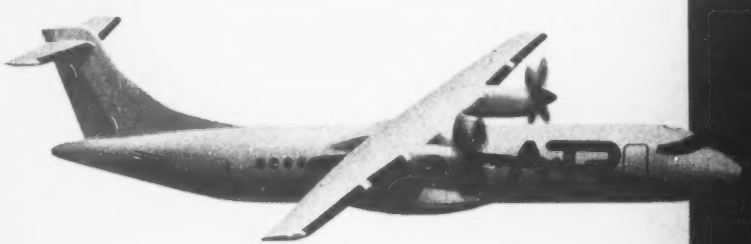
Boom Times

Singapore is booming. Real GDP, up 11% last year, should grow by a lower but still impressive 6% to 7% this year. Top office space is expensive even by Manhattan standards; occupancy rates are around 95%.

Kwek Hong Png, 77, is one of the four founding Kwek brothers who came from China's Fujian Province in 1928. He heads the family's Singapore branch and is capitalizing on the boom there very logically. The Kweks operate as Hong Leong Group. The company owns 52% of City Developments Ltd., which is forging ahead with Singapore's Republic Plaza; at an expected 63 stories, it will be one of the tallest office buildings in Singapore. (Like many Kwek projects, the building is a joint venture, financed by Japan's C. Itoh.)

Meanwhile, in Malaysia another brother, Quek Leng Chan (the "Q" was a misspelling that stuck), 45, launched an unfriendly takeover bid in April through his Hume Industries for Multi Purpose Holdings Berhad, one of Malaysia's largest conglomerates. Multi Purpose Holdings controls a big bank, the Malaysian French Bank; this bank was probably the object of Quek's desires. Late last month he dropped the bid. But the Kweks and

LOGIC



PUBLICIS

TECHNICAL PRESENCE: a maintenance network ensures a round-the-clock availability (Toulouse, Washington D.C., Singapore).
TECHNOLOGICAL PRESENCE: concept of a new generation of aircraft.
FINANCIAL PRESENCE: financial advisor.

BUSINESS PRESENCE: 4 marketing centers throughout the world.

ATR

L S Y S T E M

1988 Yan R HERNO / IMAGE BANK

Queks believe in the strength of the local Singapore and Malaysian economies and they will be heard from again.—**Katherine Weisman**

INDONESIA

LIEM SIOE LIONG

Suharto's Cukong

The world is changing for Liem, and not for the better. Liem is overseas Chinese and as such is widely resented by Indonesians.

That things have gone well for the Liem family owes much to the fact that Liem is President Suharto's *cukong*, or wealthy Chinese financier. Thus the Liem family runs one of Indonesia's biggest business empires,

Liem Sioe Liong

based on cloves (a major product in Indonesia), flour milling and handling, cement, steel and private banking. The Liems also control First Pacific Co. (1988 sales, $1.1 billion). It is listed in Hong Kong and incorporated in Bermuda. It does most of its marketing, distribution, financial and investment services and telecommunications business in the Far East, and is widely assumed to be a conduit for flight capital.

Many Indonesians—though accustomed to gross political corruption—think the Liems get too many breaks from the government. A recent government bailout of a steel mill in which the Liems have a major stake, for instance, caused protests from other politicians and businessmen. And, unfortunately for Liem, Suharto, at 68, isn't getting any younger.

Liem, 73, seems to be working on the family's image by bringing more Chinese and Indonesians into new management and ownership positions. "It's a deliberate policy to safeguard his holdings, anticipating the times when Suharto will no longer be there to protect him," concludes John A. MacDougall, editor of *Indonesia Publications*. The Liems' wealth is estimated at over $2 billion; there is a lot to protect.—**Katarzyna Wandycz**

INDIA

BIRLA FAMILY

Divided, But Prospering

India has millions of smart and successful businessmen, but few who have had the talent, time and political connections to create vast industrial empires. This has not been the problem of the Birla family. The legendary Shiv Narain Birla started the business in the 1800s; early profits came from opium and silver. The company went into industry under G. D. Birla, a major player in India's attaining freedom from the British. Today the Birlas control almost 200 companies, from autos to yarn. Aggregate sales: over $3 billion. The Birlas own, through a web of cross-holdings, from 26% to over 40% of most companies.

After nearly three years of discreet negotiations among feuding family

Financial Times

Aditya Birla

members, the empire was carved into six parts. Nearly half went to Basant Kumar Birla, 68, and his son Aditya, 46. The rest was divided between Basant Kumar's brother, Krishna Kumar Birla, two cousins and two nephews.

Aided by the buoyant economic climate, in the last year all six groups have announced diversification and modernization plans. Some observers guess capital investment will total some $3 billion in the next two years. The Birlas keep in shape by following G.D. Birla's regimen: Eat lightly, get to sleep early and exercise at least one hour every day.—**Gita Piramal**

AUSTRALIA

KERRY PACKER

A Minority Of One

For a country with a population (around 16 million) the size of Czechoslovakia's, Australia has a large number of very wealthy businessmen. But it has only one certifiable billionaire: Kerry Packer, chairman of Consolidated Press Holdings.

His father started the company, but Packer, 51, has made it into a colossus. He remains active in acquisi-

Enrico Ferorelli

Kerry Packer

tions. Last year he bought the magazine group of Australia's John Fairfax Ltd., giving him almost 70% of the Australian magazine market. He also bought Monsanto's Australian commodity petrochemical operations for $100-million-plus. By March Packer had bought and sold a 4% stake in London's Courtaulds, for a loss of about $4 million. Through joint ventures Packer is putting up major office buildings in Melbourne and Perth.

In April Packer acquired 20% of Australian National Industries, a leading conglomerate, and then paid $270 million for 47% of the shares. "Most things we are involved in, we finish up with 100% of it," says a Packer source. But in this case, with Packer's people dominating ANI's board, he effectively controls the company.

What does Packer look for in a business? "We buy based on a company's track record and not on its future blue sky," our contact said. "What we're interested in is cash flow businesses." With a lot of cash and rising operating income, Australian National fits Packer's bill.—**Katherine Weisman**

The word "billionaire" gets thrown around more loosely than ever these days. Somebody has to maintain standards. Ours is demonstrating $1 billion. Net.

A few who failed to make the cut

Khalid Al-Ibrahim and Abdul-Aziz Al-Ibrahim are Saudi brothers who collected around $1.75 billion in commissions from large weapons sales to the kingdom. But knowledgeable sources and published accounts say they handed over something like 75% to their brother-in-law—King Fahd—and his children. The Al-Ibrahims' fortune, including successful investments, is estimated at $700 million.

Carlo De Benedetti, who is still looking for ways to expand his empire, has not yet crossed the $1 billion mark. What's visible is about $650 million.

Cheng Yu-tung's New World Development stock was knocked down by a third or more after Chinese troops moved the students out of Beijing's Tiananmen Square.

The **Chon brothers,** Koreans who made their fortune in Japan with their Sakura Group food-and-sundries superstores, suffered earnings reversals in the past year, suggesting their private company's value is short of $1 billion.

Serge Dassault's principal holding, just under 50% of Avions Marcel Dassault-Breguet Aviation, remains valued at substantially below $1 billion.

Michel David-Weill, head of Lazard Frères, has a fortune of at least $700 million. It could be a billion, or more, but the case is not yet demonstrated. Stay tuned.

Fok Ying-tung, a.k.a. Henry Fok (rhymes with duck), is the junior partner with Stanley Ho in the Macao casino cartel. Ho is not clearly a billionaire either.

As Argentina collapses into economic chaos, **Amalia de Fortabat,** its famous cement queen, socialite and art collector, seems ever further short of $1 billion.

Sir James Goldsmith, the Anglo-French financier, owns or has liquidated some $1.2 billion in assets. But how much debt did he have? Another case unsettled.

Alfred Heineken, heir to the brewery fortune, owns not 50% of the Heineken brewery but 50% of a publicly traded trust that owns 50% of the Heineken brewery. Lately the stake's worth was about $500 million.

Martin Hilti, the richest man in Liechtenstein after the prince, owns a majority of Hilti, Inc., a holding recently worth $750 million.

Stanley Ho, chief of the Macao casino cartel, owns, with his family, the controlling interest; case not closed.

Taro Iketani and his family have put a large part of their former 31.8% of Tokyo Steel in a charitable foundation, disqualifying them from this list.

Robert Kuok and family, of Malaysia, Singapore and Hong Kong, control an incredibly complex web of cross-owned companies throughout Southeast Asia. We've been able to sort out $800 million so far.

Kwok Tak-seng, a billionaire last year from his Sun Hung Kai Properties group and another major Hong Kong developer, was knocked out of the box this year by the stock market collapse in the colony following the June massacre in Beijing.

Hong Kong's **Lee Shau-kee** also rose to $1 billion during the past year on his stock in Henderson Land group, but got knocked down a third or more by the Tiananmen Square tragedy.

Kiyofumi Moroto's visible assets, mostly real estate, were worth $1 billion when the dollar was worth only 130 yen. But at around 140 yen he falls a bit short.

Isao Nakauchi's 14.6% of Daiei Corp., the big Japanese retailer, was just shy of $1 billion as we closed the books on him in early June. Look again next year.

Stavros Niarchos, the famous Greek shipowner, has vast but still unmeasured assets hidden away all over the world. And secretive **Costas Lemos,** said by some to be the richest Greek shipowner of all, also remains elusive.

Visible assets of **Harry Oppenheimer,** the South African mining magnate, remain below the $1 billion level, but his Anglo-American Corp.'s stock is slowly rising.

The net worth of Egyptian construction boss **Osman Ahmed Osman** has been estimated at as high as $1.5 billion. Such estimates apparently overlook the fact that the largest enterprise under his wing, giant Arab Contractors Co., was nationalized during the Nasser years and is legally owned by the Egyptian government.

The **Pesenti** family of Italy, with stakes in cement, forest products and steel through holding company Italmobiliare, seems not to qualify.

Saudi financier **Ghaith Pharaon's** Arabian assets, say Saudi financial sources, are mostly offset by liabilities. Assets outside Arabia may exceed $1 billion but are also believed to carry substantial debt.

Britain's **Gerald Ronson,** founder of construction conglomerate Heron International, is still estimated at $800 million.

Sir Run Run Shaw, Hong Kong's and Singapore's favorite movie mogul, drops off our list as a result of descending stock, an ascending dollar, and heavy charitable contributions.

India's **Tata** family, who virtually founded Indian industry long ago, placed the bulk of their assets in charitable trusts.

Germany's **Thyssen** family, long resident in Argentina, owns about 20% of steel giant Thyssen A.G., a holding once worth $1 billion but today worth much less.

Holland's **Van Beuningen** family is very wealthy but seems well short of $1 billion.

Ranking Foreign Billionaire Fortunes

Name/Country/*industry*	Page
OVER $10 BILLION	
Mori, Taikichiro/Japan/*property development*	186
Tsutsumi, Yoshiaki/Japan/*land, railroads, resorts*	186
OVER $5 BILLION	
Brenninkmeyer family/Holland/*retailing*	156
Itoyama, Eitaro/Japan/*land*	186
Rausing, Hans and Gad/Sweden/*liquids packaging*	160
Reichmann, Paul, Albert and Ralph/Canada/*real estate*	128
Shin Kyuk-ho (a.k.a. Shigemitsu, Takeo)/Korea/*candy, real estate*	208
Takei, Hirotomo/Japan/*publishing, real estate*	192
Thomson, Kenneth Roy/Canada/*publishing, retailing*	126
Watanabe, Kitaro/Japan/*real estate, hotels*	188
Yoshimoto, Haruhiko, with family/Japan/*real estate*	190
OVER $2 BILLION	
Agnelli, Giovanni and family/Italy/*autos, investments*	132
Al-Rajhi family/Saudi Arabia/*money changing*	163
Areces, Ramón/Spain/*retailing*	160
Chang Yung-fa/Taiwan/*shipping*	202
Escobar Gaviria, Pablo/Colombia/*cocaine*	123
Ferrero, Michele/Italy/*candy*	138
Finck, Wilhelm and August von/Germany/*banking, real estate*	150
Flick, Friedrich Karl/Germany/*industry*	148
Furukawa, Tamesaburo/Japan/*real estate*	192
Grosvenor, Gerald Cavendish/U.K./*property, investment*	132
Hattori family/Japan/*watches*	180
Haub, Erivan/Germany/*supermarkets*	142
Henkel family/Germany/*consumer products*	142
Irving, Kenneth Colin/Canada/*oil distribution, paper, land*	126
Ishii, Hisashi/Japan/*finance*	178
Iwasaki, Yohachiro/Japan/*logging, property, resorts*	188
Kamprad, Ingvar/Sweden/*furniture retailing*	162
Kobayashi, Shigeru/Japan/*real estate*	188
Liem Sioe Liong/Indonesia/*finance, trade, manufacturing*	210
Mohn family/Germany/*publishing*	142
Nakajima, Kenkichi/Japan/*pachinko*	181
Ochoa family/Colombia/*cocaine*	123
Oppenheim family, von/Germany/*banking*	150
Otani, Yoneichi/Japan/*hotels*	196
Quandt family/Germany/*autos, industry*	143
Sainsbury, David and family/U.K./*supermarkets*	130
Saji, Keizo/Japan/*liquor*	176
Sasaki, Kichinosuke/Japan/*real estate*	197
Schlumberger/Seydoux family/France/*oil services*	151
Schmidheiny, Stephan and family/Switzerland/*construction, diversified*	156
Shino, Rinji/Japan/*real estate, leisure*	196
Takenaka family/Japan/*construction*	181
Thurn und Taxis, Johannes von/Germany/*land, investments*	144
Vestey, Samuel and Edmund/U.K./*meatpacking*	132
Weston, Garry and Galen/Canada/*supermarkets*	126
Yamaguchi, Hisakichi/Japan/*cans*	178
OVER $1 BILLION	
Aga Khan IV/*religion, investments*	170
Albrecht family/Germany/*supermarkets*	144
Al-Ghanim family/Kuwait/*auto retailing, investments*	164
Al-Kharafi, Mohamed Abdul Mohsin/Kuwait/*banking, construction*	164
Al-Marzook family/Kuwait/*real estate, investments*	168
Al-Sulaiman, Abdul-Aziz A./Saudi Arabia/*cement, hotels, autos*	154
Bauer, Heinz/Germany/*publishing*	144
Beisheim, Otto/Germany/*retailing*	144
Benetton family/Italy/*clothing*	136
Berlusconi, Silvio/Italy/*broadcasting, construction*	138
Bettencourt, Liliane/France/*cosmetics*	152
Bin Mahfouz family/Saudi Arabia/*banking*	164
Birla family/India/*textiles, aluminum, autos*	210
Bouriez family/France/*hypermarkets luxury goods*	150
Botín family/Spain/*banking*	160
Botnar, Octav/U.K./*auto dealerships*	130
Bronfman, Charles/Canada/*liquor*	128
Camargo, Sebastião/Brazil/*construction, manufacturing*	124
Chung Ju-yung family/Korea/*heavy industry*	206
Cisneros family/Venezuela/*consumer products*	123
Dreesmann family/Netherlands/*retailing*	152
Eaton family/Canada/*retailing*	128
Ermírio de Moraes, Antônio and family/Brazil/*mining, industry*	124
Fentener van Vlissingen family/Netherlands/*oil & gas, consumer goods*	152
Ferruzzi family/Italy/*chemicals, agro-industry*	138
Fujisawa, Akikazu/Japan/*electronics retailing*	190
Garza Sada family/Mexico/*beer, steel, packaging*	124
Grundig, Max/Germany/*electronics*	143
Haefner, Walter/Switzerland/*car sales, software*	156
Hariri, Rafik Bahauddin/Lebanon/*construction, investments*	168
Hayashibara, Ken/Japan/*pharmaceuticals, real estate*	185
Herz family/Germany/*coffee retailing*	146
Hsu family/Taiwan/*textiles, cement, department stores*	202
Ishibashi, Kanichiro/Japan/*auto tires*	173
Ito, Masatoshi/Japan/*retailing*	185
Jinnai, Ryoichi/Japan/*consumer finance*	180
Juffali family/Saudi Arabia/*construction, truck distribution*	163
Kadoorie family/Hong Kong/*utilities, hotels*	200
Kanoo family/Bahrain/*shipping, airline*	168
Kato, Masao/Japan/*syrup, real estate*	185
Kawamoto, Genshiro/Japan/*real estate*	197
Kawamura family/Japan/*ink, chemicals*	184
Kipp, Karl-Heinz/Germany/*variety stores*	143
Kobayashi, Heizo/Japan/*restaurants, supermarkets, hotels*	192
Koc, Vehbi/Turkey/*conglomerate*	170
Koo family/Korea/*conglomerate*	207
Koo family/Taiwan/*banking, diversified*	201
Kumagai family/Japan/*construction*	184
Kwek family/Singapore/*finance, property*	209
Lee family/Singapore/*banking, rubber trading*	208
Lee Byung-chull family/Korea/*trading, retailing, consumer*	206
Li Ka-shing/Hong Kong/*property development, industry*	198
Ligresti, Salvatore/Italy/*insurance, construction*	138
Lundberg, Fredrik and family/Sweden/*conglomerate, real estate*	162
March family/Spain/*banking, real estate*	158
Marinho, Roberto Sr./Brazil/*media*	124
Matsuoka, Seijiro/Japan/*real estate*	192
Matsushita family/Japan/*electronics*	176
Maxwell, Robert/U.K./*publishing*	130
Miller, Robert/Hong Kong/*retailing*	200
Moores, Sir John/U.K./*retailing*	132
Morita family/Japan/*consumer electronics*	172
Mulliez family/France/*hypermarkets*	150
Murata, Junichi/Japan/*fax, industrial machinery*	173
Murayama family/Japan/*publishing*	178
Nangaku, Masao/Japan/*property develop, electronics retailing*	190
Oetker, Rudolf August and family/Germany/*food, brewing*	146
Olayan, Suliman Saleh/Saudi Arabia/*construction, investments*	163
Otsuka, Masahito/Japan/*pharmaceuticals*	176
Otto family/Germany/*mail order*	146
Packer, Kerry/Australia/*media, investments*	210
Pao, Sir Yue-kong/Hong Kong/*shipping, property development*	198
Peugeot family/France/*autos*	151
Rodriguez Gacha, Gonzalo/Colombia/*cocaine*	122
Sabancı brothers/Turkey/*conglomerate*	170
Sacher, Paul and Sacher-Stehlin, Maja/Switzerland/*pharmaceuticals*	158
Safra brothers/Lebanon/*banking*	168
Sagawa, Kiyoshi/Japan/*delivery service*	181
Schickedanz family/Germany/*mail order*	146
Siemens family, von/Germany/*electrical machinery*	148
Swarovski family/Austria/*rhinestones*	158
Swire brothers/Hong Kong/*Far East trading, airline*	200
Takei, Yasuo/Japan/*consumer finance*	180
Thyssen-Bornemisza, Hans Heinrich/Switzerland/*art, manufacturing*	156
Tsai Wan-lin/Taiwan/*insurance, construction*	201
Tsutsumi, Seiji/Japan/*retailing*	172
Uehara, Shoji/Japan/*pharmaceuticals*	180
Vuitton family/France/*luxury goods*	151
Wang, Y.C./Taiwan/*plastics*	202
Werhahn family/Germany/*retailing, banking*	148
Yokoi, Hideki/Japan/*real estate*	196
Yoshida, Tadao/Japan/*zippers, building materials*	172

The 100 Cheapest Foreign Stocks Page 278

THE FORBES FOREIGN RANKINGS

The 500 Largest Foreign Companies Page 282

Index to the Foreign 500 Page 306

The 100 Cheapest Foreign Stocks

As other countries rise up in the global economy, the relative weight of the U.S. shrinks. The same holds for the world's stock markets. According to Morgan Stanley Capital International Perspective, which tracks 2,400-plus stocks worth $7.2 trillion, the value of U.S. publicly traded companies is now around $2.8 trillion. But Europe's public companies are worth $1.86 trillion, Japan's are worth $3.6 trillion and the rest of the world's stocks, approximately $400 billion. What's the point? This: As the relative weights of foreign markets grow, more investors are braving the unknowns lurking overseas and are searching out interesting opportunities in other countries' markets. There is plenty of risk in this approach. Last year the New Zealand stock market index fell 17.4%, in dollar terms. But the rewards are also considerable. The quiet little Belgium market climbed nearly 50% in 1988. (The Capital International Perspective U.S. market index, in contrast, gained 11.6%.)

We again asked Morgan Stanley Capital International Perspective's Monique Khatchadourian and her crew in Geneva to screen their entire stock universe for cheap foreign stocks. What does cheap mean? We asked for stocks selling at no more than 70% of the price/earnings ratio of their national index. Eliminated were stocks priced higher than the average price/book ratio for their country, and issues with market values below $200 million—no thinly capitalized issues, thank you.

The earnings estimates come courtesy of the Institutional Brokers Estimate System a service of New York brokerage Lynch, Jones & Ryan. Given the differences in foreign accounting and reporting standards, perhaps the best use of the estimates is as an indication of the direction in which profits may be heading. For example, Australia's Bond Corp. (one of the world's cheapest big companies, ranked on its price/earnings ratio of 1.5), earned 58 cents a share in 1988, but those earnings are expected to drop to 43 cents a share this year.

Ironically, fully half of the stocks below are Japanese. But that's only because they're cheap by Japanese standards. Orient Leasing, for example, sells for 15.6 times earnings—a steal (perhaps) in a market whose average P/E is over 55. Other well-known international companies that are selling well below their local markets' multiples include several automakers—Honda, Nissan, Suzuki and Toyota from Japan; Saab-Scania and Volkswagen from Europe.

Company/industry	Country	Recent price	Earnings per share 1988	Earnings per share 1989E	P/E	Yield	Price/ book	Sales (mil)	Market value (mil)
Bond Corp/multi-industry	Australia	$0.89	$0.58	$0.43	1.5	13.6%	0.6	$3,046	$375
Bell Resources/energy	Australia	0.76	0.28	0.14	2.7	14.9	0.4	2,621	421
Baltica Holding/insurance	Denmark	58.20	17.23	8.01	3.4	1.8	0.6	701	592
Sofina/multi-industry	Belgium	314.54	88.69	15.82	3.5	3.8	1.1	NA	586
Lloyds Bank/banking	United Kingdom	5.27	1.35	1.29	3.9	6.7	0.9	12,309	4,308
Handelsbank Kjobenhavns/banking	Denmark	37.28	9.55	3.19	3.9	5.2	0.7	NA	728
Alcan Aluminium/metals nonfer	Canada	22.19	5.77	3.28	3.8	5.1	1.2	8,529	5,051
Standard Chartered Group/banking	United Kingdom	8.12	2.05	1.51	4.0	8.8	1.0	5,644	1,902
Bond Corp Intl/real estate	Hong Kong	0.23	0.06	3.47	4.1	5.1	0.7	NA	303
National Westminster Bank/banking	United Kingdom	9.19	2.19	1.99	4.2	6.5	0.8	18,920	7,195
Privatbanken/banking	Denmark	34.14	8.09	4.01	4.2	3.8	0.7	2.93	517
Osterr Elek/utilities	Austria	12.28	2.91*	NA	4.2	4.0	0.8	1,206	402
Barclays Plc/banking	United Kingdom	7.00	1.57	1.39	4.5	6.9	0.9	19,474	7,837
Banque Natl Belgique/banking	Belgium	884.95	187.50	108.88	4.7	5.2	0.8	NA	350
Skandinaviska Enskilda Bank/banking	Sweden	13.96	2.98	1.43	4.7	2.7	1.0	4,985	3,586
Royal Bank of Scotland/banking	United Kingdom	5.97	1.19	1.15	5.0	5.5	0.9	3,766	1,795
Pagurian/financial svcs	Canada	7.36	1.47	0.75	5.0	6.8	1.0	NA	370
TSB Group/banking	United Kingdom	1.66	0.33	0.29	5.1	6.6	0.7	NA	2,618
De Beers/diamonds	South Africa	14.56	2.82	3.10	5.2	0.2	1.1	1,312	5,507
IFI/multi-industry	Italy	12.90	2.46	2.75	5.2	1.4	1.0	NA	1,581

Stock prices and earnings estimates were converted into U.S. dollars using exchange rates at May 31. Earnings and revenues for 1988 were converted using the average exchange rate for the previous 12 months at fiscal reporting date. *1987. NA: Not available. E: Estimate.

Sources: Morgan Stanley Capital International Perspective. Earnings estimates provided by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan.

Company/industry	Country	Recent price	Earnings per share 1988	Earnings per share 1989E	P/E	Yield	Price/ book	Sales (mil)	Market value (mil)
Midland Group/banking	United Kingdom	$5.27	$0.96	$0.92	5.5	6.5%	0.8	$11,386	$4,117
Den Danske Bank Af 1871/banking	Denmark	44.18	8.02	4.24	5.5	4.7	0.8	NA	1,118
Canfor/forest products	Canada	19.91	3.42	3.78	5.8	2.9	1.0	881	452
United Paper/forest products	Finland	41.98	7.12	7.04	5.9	1.6	1.0	1,506	1,103
Bank of Scotland/banking	United Kingdom	1.45	0.25	0.25	5.9	5.5	1.0	NA	1,085
Jyske Bank/banking	Denmark	51.79	8.62	6.77	6.0	2.5	0.6	NA	285
Westpac Banking Group/banking	Australia	3.85	0.62	0.62	6.2	7.0	0.8	7,089	3,938
Air Canada/airlines	Canada	10.68	1.68	1.41	6.3	-	1.0	2,784	768
Elf Aquitaine Group/energy	France	76.30	11.98	9.96	6.4	5.9	1.0	21,152	8,244
Andelsbanken/banking	Denmark	43.07	6.68	4.06	6.4	4.5	0.8	NA	381
Michelin Group/industrial comp	France	29.68	4.48	4.33	6.6	1.1	1.3	8,699	2,466
Crédit Lyonnais Group/banking	France	88.10	13.21	14.94	6.7	4.8	0.9	20,005	574
Kingfisher (Woolworth)/retailing	United Kingdom	4.74	0.71	0.46	6.7	4.6	1.5	4,732	2,065
Bank of Montreal/banking	Canada	26.34	3.92	4.06	6.7	6.7	1.0	7,355	2,869
Union Bank/banking	Finland	7.90	1.16	0.98	6.8	4.4	1.0	NA	3,191
Hongkong Realty and Tr/real estate	Hong Kong	0.63	9.26	0.10	6.8	6.0	0.6	NA	265
Omnium Financial Paris/multi-industry	France	215.02	29.38	24.75	7.3	4.9	1.2	NA	426
Hang Lung Development/real estate	Hong Kong	0.62	8.45	0.11	7.4	6.8	0.9	NA	714
Unerg/utilities	Belgium	64.72	8.68*	5.68	7.5	8.0	1.3	1,173	884
Rieter Holding/machinery & eng	Switzerland	1,919.7	252.85	222.39	7.6	2.7	1.1	1,101	363
Credito Fondiario/banking	Italy	4.13	0.54	NA	7.6	3.1	0.9	NA	307
Volkswagen Group/automobiles	Germany	201.21	26.19	24.54	7.7	3.9	1.1	33,721	5,885
National Bank of Canada/banking	Canada	11.51	1.50	1.82	7.7	5.2	1.0	NA	1,350
Sovac-Credit Mobilier/financial svcs	France	126.92	16.12	16.54	7.9	4.6	1.2	NA	504
Saab-Scania Group/machinery & eng	Sweden	37.82	4.73	6.34	8.0	3.1	1.3	6,936	2,568
Mo Och Domsjo Akiebolag/forest prods	Sweden	57.78	7.05*	6.54	8.2	2.6	1.3	3,087	800
Hoesch Group/metals-steel	Germany	131.87	15.94	15.44	8.3	4.8	1.2	4,752	938
Dyno/chemicals	Norway	14.55	1.70	1.71	8.5	3.1	1.7	857	284
Union Electrica-Fenosa/utilities	Spain	0.68	7.85*	7.27	8.7	8.7	0.3	1,514	817
Neptune Orient Lines/shipping	Singapore	0.95	6.84	6.65	13.8	1.9	0.7	609	349
Orient Leasing/financial svcs	Japan	27.85	1.79	1.88	15.6	0.5	1.7	NA	1,606
Fuji Photo Film/leisure-goods	Japan	29.54	1.68	1.59	17.6	0.3	2.2	6,769	11,139
Honda Motor/automobiles	Japan	14.14	0.77	0.82	18.4	0.5	2.2	27,201	13,400
Toyo Seikan Kaisha/misc materials	Japan	19.62	0.97	0.92	20.3	0.3	2.3	4,547	3,298
Shimachu/retailing	Japan	19.69	0.97	0.62	20.3	0.5	2.1	403	637
Asahi Denka Kogyo/chemicals	Japan	6.97	0.34	0.18	20.5	0.5	1.9	759	420
Makita Electr[illegible] Works/elec & electron	Japan	13.57	0.66	0.65	20.6	1.0	2.0	1,008	1,832
Yokogawa Pridge Works/construction	Japan	12.94	0.60	0.40	21.7	0.4	3.0	416	478
Matsushita Electric Industrial/appliances	Japan	17.51	0.78	0.80	22.4	0.5	2.0	42,880	35,956
Tonen Corp/energy	Japan	12.94	0.56	0.42	23.1	1.4	3.1	4,541	7,605

Stock prices and earnings estimates were converted into U.S. dollars using exchange rates at May 31. Earnings and revenues for 1988 were converted using the average exchange rate for the previous 12 months at fiscal reporting date. *1987. NA Not available. E Estimate.

Sources: Morgan Stanley Capital International Perspective. Earnings estimates provided by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan.

Company/industry	Country	Recent price	earnings per share 1988	earnings per share 1989E	P/E	Yield	Price/ book	Sales (mil)	Market value (mil)
Toyota Motor Corp/automobiles	Japan	$19.20	$0.84	$0.86	22.9	0.7%	2.3	$53,818	$54,553
Rinnai/appliances	Japan	15.75	0.62	0.61	25.6	0.6	2.4	703	742
Suzuki Motor/automobiles	Japan	6.48	0.25	0.21	25.7	0.7	2.3	6,505	2,440
TDK/electronic comp	Japan	36.99	1.44	1.40	25.7	0.8	2.3	3,251	4,456
Kyocera/electronic comp	Japan	36.92	1.43	1.39	25.8	0.8	2.4	2,643	5,705
Hitachi Ltd/elec & electron	Japan	11.95	0.46	0.47	26.0	0.5	2.5	49,897	36,076
Nichicon/electronic comp	Japan	12.17	0.46	0.52	26.3	0.7	2.4	431	783
Nippon Kangyo Kakumaru/financial svcs	Japan	13.36	0.51	0.45	26.4	0.5	3.3	NA	4,803
Denny's Japan/leisure	Japan	23.14	0.87	0.78	26.4	0.6	3.2	505	614
Murata Manufacturing/electronic comp	Japan	19.55	0.73	0.86	26.8	0.5	2.3	1,532	3,432
Kureha Chemical/chemicals	Japan	8.37	0.31	0.24	26.8	0.6	3.0	853	1,819
Canon/leisure-goods	Japan	12.73	0.47	0.47	26.9	0.7	2.7	8,623	7,816
Bridgestone/industrial comp	Japan	11.60	0.43	0.44	27.0	0.7	3.2	9,278	8,320
Royal Co/leisure	Japan	17.58	0.64	0.61	27.5	1.0	2.3	541	526
House Food/food, household	Japan	14.06	0.51	0.50	27.5	0.9	2.3	1,169	1,400
Nihon Unisys (Univac)/data processing	Japan	12.03	0.44	0.39	27.6	0.4	3.2	1,402	1,309
Izumiya/retailing	Japan	15.12	0.52	0.50	28.8	0.9	3.2	2,586	1,393
Sumitomo Corp/trading	Japan	9.63	0.33	0.31	29.2	0.5	3.0	115,570	8,496
Orient Finance/financial svcs	Japan	10.27	0.35	0.32	29.3	0.8	2.5	NA	3,166
Tokyo Style/textile, apparel	Japan	13.08	0.44	0.51	29.4	0.7	2.2	460	1,052
Higo Bank/banking	Japan	6.79	0.23	NA	29.5	0.5	2.6	NA	1,558
Nissan Motor/automobiles	Japan	10.97	0.36	0.31	30.4	0.9	2.5	37,516	27,177
Hitachi Maxell/leisure-goods	Japan	18.85	0.61	0.66	30.7	0.6	1.8	1,207	1,855
Ezaki Glico/food, household	Japan	8.79	0.29	0.31	30.7	0.8	2.1	1,554	1,039
Canon Sales/services	Japan	21.94	0.71	0.68	30.8	0.4	2.2	2,489	1,306
Taiyo Yuden/electronic comp	Japan	10.69	0.34	0.29	31.3	1.1	2.1	540	1,141
Nippon Shinpan/financial svcs	Japan	9.70	0.31	0.34	31.8	0.8	2.5	NA	2,909
Renown/textile, apparel	Japan	7.74	0.23	0.67	33.5	1.1	1.8	1,779	1,651
Japan Securities Finance/financial svcs	Japan	12.10	0.35	NA	34.3	0.3	3.5	NA	1,486
Skylark/leisure	Japan	18.99	0.55	2.08	34.6	0.4	3.5	1,085	1,376
Seventy-Seven Bank/banking	Japan	6.96	0.20	1.00	34.7	0.5	3.2	NA	2,624
Yamazaki Baking/food, household	Japan	11.18	0.32	0.34	34.8	0.6	2.9	3,197	2,463
Nippon Chemi-Con/electronic comp	Japan	8.65	0.25	0.27	35.0	1.3	2.1	560	1,012
Hoya/personal care	Japan	15.75	0.45	0.41	35.1	0.6	2.7	841	1,644
Bank of Fukuoka/banking	Japan	7.59	0.21	NA	36.8	0.5	3.1	NA	3,873
Fukuoka Sogo Bank/banking	Japan	9.92	0.26	NA	37.4	0.4	3.3	NA	2,010
Kinki Electrical Construct/construction	Japan	21.03	0.56	0.65	37.5	0.3	3.1	2,248	2,344
Nitto Denko (Electric)/misc materials	Japan	14.91	0.40	0.43	37.7	0.5	2.7	1,287	2,207
Nisshinbo Industries/textile, apparel	Japan	10.34	0.27	0.21	37.7	0.5	2.5	1,626	2,305
Chugoku Bank/banking	Japan	14.14	0.37	NA	38.0	0.3	2.5	NA	2,810

Stock prices and earnings estimates were converted into U.S. dollars using exchange rates at May 31. Earnings and revenues for 1988 were converted using the average exchange rate for the previous 12 months at fiscal reporting date. "1987." NA: Not available. E: Estimate.
Sources: Morgan Stanley Capital International Perspective. Earnings estimates provided by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan.

The 500 Largest Foreign Companies

You won't find the Deutsche Bundespost (1987 sales, $29 billion) on this year's list of the world's 500 largest foreign companies. Neither will you find $16 billion (sales) Petróleos de Venezuela.

Why not? It's certainly not because they aren't big enough to make the list. Rather, it's because Germany's post office and Venezuela's oil company are state-owned organizations. More precisely, they are not publicly traded, private-sector companies. An investor can't buy stock in them. A globetrotting business person probably doesn't call on them.

In this year's ranking of the world's 500 largest companies, FORBES focuses on the world's biggest publicly owned companies. We do this with the help of Morgan Stanley & Co.'s Geneva-based Morgan Stanley Capital International Perspective and its highly trained staff. The idea is to make the Forbes Foreign 500 a more useful list, and more comparable to the Forbes 500—our ranking of the U.S.' largest public companies, which we surveyed in May.

What about the world's big privately owned companies—South Korea's Samsung and Daewoo, for example, or West Germany's Bertelsmann and Tengelmann, or Holland's Vendex International? They can be found in the list of 25 of the world's non-publicly-owned companies below. In that list, we also include a few important state-owned businesses, such as France's Renault Group, as a reminder that in many countries big business remains a potent manifestation of state power.

Careful readers will notice other changes in the way the Forbes Foreign 500 companies are presented this year. They are listed first by their country of origin. (Country groupings appear alphabetically, from Australia to the United Kingdom, for the major global markets. Countries with smaller markets start on page 300.)

Within their country group, companies are listed in descending order of sales. But be careful with the ranking

The 25 largest public companies outside the U.S.

Company/business	Country	Sales ($mil)	Employees (thou)
Mitsui & Co Ltd/trading	Japan	$130,667	11.4
Sumitomo Corp/trading	Japan	115,570	12.8
C Itoh & Co Ltd/trading	Japan	112,327	12.0
Mitsubishi Corp/trading	Japan	104,198	21.2
Marubeni Corp/trading	Japan	99,475	10.1
Nissho Iwai Corp/trading	Japan	81,371	7.2
Royal Dutch/Shell Group/oil & gas	Holland	78,380	134.0
Banco do Brasil/banking	Brazil	55,295	135.4
Toyota Motor Corp/automotive	Japan	53,818	86.1
Hitachi Ltd/multicompany	Japan	49,897	274.5
British Petroleum Co Plc/oil & gas	UK	46,137	125.9
Nippon Tele & Tele/communications	Japan	45,531	291.0
Matsushita Elec Ind Co/electronics	Japan	42,880	134.2
Daimler-Benz Group/automotive	Germany	41,848	338.7
Nissan Motor Co Ltd/automotive	Japan	37,516	117.3
Toyo Menka Kaisha Ltd/trading	Japan	36,604	5.0
Siemens Group/electrical equipment	Germany	34,148	353.0
Fiat Group/automotive	Italy	34,040	278.0
Volkswagen Group/automotive	Germany	33,721	252.1
Nichimen Corp/trading	Japan	32,250	2.9*
Unilever/food processing	Holland	31,367	295.0
Banco Bradesco SA/banking	Brazil	31,326	137.9
Tokyo Electric Power Co */utility	Japan	30,702	40.2
Toshiba Corp/multicompany	Japan	29,633	125.0
Philips Group/electrical equipment	Holland	28,382	310.3

*Not consolidated

And 25 very large non-publicly-owned ones

Company/business	Country	Sales ($mil)	Employees (thou)
Nippon Life Insurance Co/insurance	Japan	$48,062	14.4
Dai-ichi Mutual Life Insurance/insur	Japan	28,344	16.7
Zenkyoren/insurance	Japan	27,760	8.0
Samsung Group/multi-industry	Korea	27,510	175.7
Renault Group/automobiles	France	27,101	181.7
Sumitomo Life Insurance Co/insur	Japan	25,198	10.7
Crédit Agricole/banking	France	21,275	73.7
Tengelmann Group/retailing	Germany	20,208	145.0
Daewoo Group/multi-industry	Korea	17,329	93.9
Meiji Mutual Life Ins Co/insur	Japan	16,766	7.8
Robert Bosch Group/automobiles	Germany	14,112[1]	161.3
Groupe Usinor Sacilor/metals-steel	France	13,243	79.1
Asahi Mutual Life Insur/insurance	Japan	12,762	8.5
Norinchukin Bank/banking	Japan	11,830	3.2
Ruhrkohle/energy	Germany	11,758	125.4
Idemitsu Kosan Co Ltd/energy	Japan	11,219	5.5
Kuwait Petroleum Corp/energy	Kuwait	10,631	15.6*
Mitsui Mutual Life Ins Co/insur	Japan	10,482	32.0
Kyodo Oil/energy	Japan	9,537	1.7
Vendex Intl Group/retailing	Holland	8,776	55.5
Statoil Group/energy	Norway	8,642	11.2
Krupp Group/metals-steel	Germany	8,370	65.2
Sunkyong Group/multi-industry	Korea	7,757	20.6
Westdeutsche Landesbank/bank	Germany	6,653	9.7
Bertelsmann/media	Germany	6,539	42.0

[1]Figure is latest available

number given at the left of each company. The number is its rank among the *entire* Forbes Foreign 500, not among the companies in a given country.

Look, for example, at Australia. With sales last year of $9.4 billion, retailer Coles Myer Ltd. ranks as Australia's largest public company. But within the Foreign 500 universe, it ranks 113.

The tables contain quite a bit of new information this year. For all countries represented, basic data—price/earnings ratio, market value and so on—summarize each country's stock market, courtesy again of Morgan Stanley Capital International Perspective. For those countries with larger financial markets, there is a brief description of the market.

For the companies themselves, we have included for the first time stock prices, yields, earnings per share and estimated earnings for the year at hand. These estimates are compiled by Lynch, Jones & Ryan's Institutional Brokers Estimate System (IBES), which collects information from 2,775 analysts who follow 5,778 companies in 26 countries. According to this broad consensus, Irish companies are expected to show the highest earnings growth rate this year, followed by Thailand, Singapore and Spain. Denmark drags the bottom, with corporate earnings shrinking somewhat.

Note that all figures are in dollars, at exchange rates in effect on May 31.

The single thing that stands out most graphically in this year's Foreign 500 is the weight in the global economy of Japanese companies. With a market capitalization of around $3.6 trillion at the end of May, the market value of Japanese stocks exceeds that of U.S. stocks—and this reflects the recent strength of the dollar against the yen.

Japanese companies account for 15 of the 25 largest publicly traded companies outside the U.S. *(see table, p. 282 left)*, including the top six spots. Number 7? That belongs to the Netherlands' $78.4 billion Royal Dutch/Shell, which was fifth only two years ago. The Japanese also take ten spots on FORBES' new list of the top 25 non-publicly-owned foreign companies, including the first three.

In sales, Nippon Telegraph & Telephone ranks only 12th in the world. But by market value—a staggering $165 billion, which is $112 billion *less* than on last year's list—NTT is far and away the world's largest company.

To sum up, there are 23 countries represented on this year's Forbes Foreign 500. The companies' combined revenues amount to $4.6 trillion; they employ 18.6 million people. By way of comparison with corporate America, the Forbes Sales 500 (FORBES, *May 1*) have combined revenues of $3 trillion, and 19.9 million workers.

An index beginning on page 306 shows where a particular company can be found.

Australia

P/E 9.3 • Yield 5.2% • Market value $122.2 billion • Year to date price change –8.1%

In the first five months of this year, the Morgan Stanley index for Australian stocks is up 4.5%. That's when the stocks are denominated in Australian dollars. But measured against a strengthening U.S. dollar, the same stocks are down 8.1%—a vivid reminder of the havoc foreign exchange fluctuations can play on globalized portfolios. In whatever currency, the Australian market has been hurt by declining prices for metal ores, and by the government's efforts to cool off inflation with high interest rates.

Rank	Company/business	Revenue	Net income	Assets	Market value	Stock price	EPS 1988	EPS 1989E	Yield	Employees (thou)
113	**Coles Myer Ltd/retailing**	$9,410	$242	$3,689	$3,205	6.39	$0.47	$0.57	3.8%	163.6
157	**Elders IXL Ltd/trading**	7,626	497	7,383	3,486	1.96	0.29	0.35	7.3	36.8
172	**Westpac Banking/banking**	7,089	520	66,179	3,938	3.85	0.62	0.62	7.0	46.5
174	**Broken Hill Prop/energy**	7,085	678	15,377	8,842	6.27	0.39	0.55	3.1	51.0
216	**ANZ Banking/banking**	6,089	379	57,755	3,210	3.82	0.46	0.63	8.7	42.4
243	**National Australia/banking**	5,597	398	49,847	3,908	4.92	0.54	0.72	9.2	34.6
310	**News Corporation Ltd/media**	4,388	338	10,998	2,889	10.75	1.27	1.15	0.7	28.3
323	**CRA Limited/metals nonfer**	4,167	352	6,611	3,835	6.74	0.62	0.66	4.2	25.0
431	**Bond Corp/multi-industry**	3,046	199	7,158	375	0.89	0.58	0.43	13.6	10.4
466	**CSR Group/multi-industry**	2,806	250	3,264[1]	2,269	3.51	0.36	0.39	6.9	16.1
482	**TNT/trucking, RR**	2,674	151	2,496	1,320	2.52	0.30	0.33	4.5	45.1
486	**Pacific Dunlop/multi-industry**	2,658	136	2,072	2,361	3.40	0.23	0.29	3.3	36.6
494	**Bell Resources/energy**	2,621	157	2,572	421	0.76	0.28	0.14	14.9	1.5

All figures except per-share items are in millions of U.S. dollars. General note: Revenue, net income and 1988 EPS are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year end rate. Revenue figures are for group or consolidated operations and exclude excise taxes and duties. For companies with January, February or March fiscal year-ends, 1988 figures are used when more current data are not available. 1987 EPS are used when 1988 figures are not available. Market value is as of May 31, 1989. [1] Figures are latest available. NA: Not available or not applicable.

Sources: Morgan Stanley Capital International Perspective, Europe. Earnings estimates provided by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan.

The 500 largest foreign companies

Belgium

P/E 14.1 • Yield 4.2% • Market value $58.2 billion • Year to date price change –4.8%

Historically, the Brussels Stock Exchange was a sleepy local market. Then came tax reform. In 1982 the de Clercq laws reduced taxes on purchases and issues of stock; from 1983 to 1988, public offerings of Belgian companies increased smartly and total market capitalization jumped 266%. Last year Belgium rivaled France for the best market performance in Europe. Andre Verdickt, a vice president at Morgan Guaranty, thinks progress will continue as computerized trading and hedging instruments are introduced.

Rank	Company/business	Revenue	Net income	Assets	Market value	Stock price	EPS 1988	EPS 1989E	Yield	Employees (thou)
74	**Petrofina SA**/energy	$13,245	$536	$9,439	$6,982	322.41	$26.65	$25.47	4.0%	23.9
188	**Solvay Group**/chemicals	6,894	504	6,195	3,052	368.38	61.52	55.44	3.6	44.3
198	**Générale Bank Group**/banking	6,660	203	62,422	1,751	145.17	17.81	14.51	4.4	32.0
234	**Delhaize "Le Lion"**/retailing	5,739	61	1,625	1,369	133.56	5.93	5.79	1.2	49.0
314	**Bank Bruxelles Lambert**/banking	4,359	109	45,564	1,086	86.86	9.13	9.76	4.6	16.9
352	**GB-Inno-BM**/retailing	3,802	32	1,430	978	31.50	1.66	2.06	2.7	18.6
369	**Kredietbank NV**/banking	3,559	143	39,126	1,487	114.69	9.60	11.11	4.1	11.0
396	**INTERCOM**/utilities	3,314	248	7,205	2,666	88.78	8.19	8.02	7.6	8.6[2]

Canada

P/E 11.3 • Yield 3.3% • Market value $235.0 billion • Year to date price change 8.4%

Natural resources account for 9.5% of the Canadian gross national product, twice as much as in the U.S. This makes the Toronto Stock Exchange much more sensitive to oscillations in natural resource prices. But Wilf Gobert, director of research at Calgary's Peters & Co. Ltd., predicts that the growing number of Canadian service companies will make the Toronto market less volatile. According to the Morgan Stanley national indexes, Canadian stocks are currently selling at about the same multiple as U.S. issues.

Rank	Company/business	Revenue	Net income	Assets	Market value	Stock price	EPS 1988	EPS 1989E	Yield	Employees (thou)
83	**BCE Inc**/telecomm	$12,394	$721	$23,535	$9,305	32.04	$2.51	$3.18	6.4%	116.0
105	**Canadian Pacific**/multi-industry	9,763	630	14,798	5,950	18.77	2.03	1.87	3.4	76.4
127	**George Weston**/retailing	8,801	111	2,914	1,530	33.18	2.19	NA	1.6	61.4
133	**Alcan Aluminium**/metals nonfer	8,529	931	8,615	5,051	22.19	5.77	3.28	5.1	56.0
135	**Royal Bank of Canada**/banking	8,488	570	90,164	4,854	36.29	4.05	5.21	5.0	46.1
164	**Bank of Montreal**/banking	7,355	443	64,680	2,869	26.34	3.92	4.06	6.7	34.1
166	**Canadian Imperial Bank**/banking	7,337	473	77,615	4,201	24.47	2.68	3.39	4.2	36.2
173	**Campeau**/real estate	7,088	–28	12,082	593	13.38	–0.85	–0.16	3.0	120.0
176	**Noranda**/metals nonfer	7,055	492	9,462	3,378	18.46	2.57	2.86	4.5	48.0
217	**Provigo Inc**/retailing	6,034	50	1,355	687	8.09	0.59	0.69	2.5	22.0
238	**Bank of Nova Scotia**/banking	5,634	406	61,205	2,738	14.83	2.19	2.53	4.7	29.1
278	**Imasco Ltd**/bev & tobacco	4,876	255	4,452	3,213	26.96	2.04	2.41	3.4	95.1
292	**Toronto-Dominion Bank**/banking	4,696	535	48,607	5,136	34.11	3.44	3.90	3.2	22.9
330	**Great-West Lifeco**/insurance	4,036	78	14,442	954	12.34	1.00	1.20	3.4	3.5
338	**Seagram Co Ltd**/bev & tobacco	3,935	589	9,697	7,343	74.76	6.12	5.65	1.6	16.2
350	**Hudson's Bay Co**/retailing	3,820	40	2,949	773	24.89	0.60	1.09	2.0	38.0
360	**Intl Thomson Org**/multi-industry	3,745	173	3,615	4,206	14.37	0.59	1.61	1.9	23.2
367	**Steinberg Inc**/retailing	3,602	–10	1,259	689	32.56	–0.93	1.75	1.3	36.0
376	**Oshawa Group**/retailing	3,496	47	672	704	22.40	1.46	1.63	1.5	21.7
403	**INCO**/metals nonfer	3,263	691	4,079	3,120	35.50	6.50	5.98	2.7	18.7

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The 500 largest foreign companies

Canada

Rank	Company/business	Revenue	Net income	Assets	Market value	Stock price	EPS 1988	EPS 1989 E	Yield	Employees (thou)
413	**Nova Corp of Alberta**/utilities	$3,202	$345	$6,910	$2,191	8.92	$1.43	$1.63	4.8%	12.9
445	**Crownx**/multi-industry	2,934	21	1,558	256	9.64	0.13	0.27	3.4	29.9
469	**Air Canada**/airlines	2,784	80	2,882	768	10.68	1.68	1.41	0.0	22.6
480	**Abitibi-Price**/forest products	2,685	153	2,206	1,156	16.69	2.11	1.47	5.0	16.2
485	**Canada Packers**/food, household	2,659	21	701	430	11.93	0.56	0.85	2.6	12.0
487	**TransCanada PipeLine**/utilities	2,656	118	4,211	1,847	12.24	0.59	0.80	4.6	1.9

France

P/E 12.1 • Yield 3.0% • Market value $237.7 billion • Year to date price change 0.1%

France has more individual shareholders than almost any other country—although they tend to hold very small amounts of stock. There are seven French exchanges, but the Paris Bourse handles 95% of all activity. Among the French market's idiosyncracies: Prices are usually set by specific brokers on specific stocks between 12:30 p.m. and 2:30 p.m.; the price remains unchanged until the process is repeated on the next day. It's been a good year for French stocks: the Paris market recently surpassed its October 1987 highs.

Rank	Company/business	Revenue	Net income	Assets	Market value	Stock price	EPS 1988	EPS 1989E	Yield	Employees (thou)
33	**Peugeot Groupe SA**/automobiles	$23,166	$1,486	$16,151	$6,207	248.77	$59.59	$56.49	2.5%	158.1
35	**Générale d'Elec**/elec & electron	21,488	363	29,595	4,814	64.95	5.05	5.27	3.1	219.5
37	**Elf Aquitaine Group**/energy	21,152	1,209	28,037	8,244	76.30	11.98	9.96	5.9	73.0
39	**Crédit Lyonnais**/banking	20,005	346	178,878	574	88.10	13.21	14.94	4.8	58.2
51	**Banque Nationale Paris**/banking	18,333	514	196,955	649	53.61	7.78	8.60	4.8	58.1
68	**Générale des Eaux**/services	14,303	231	9,288	4,795	278.93	15.87	15.20	2.4	87.1[2]
70	**TOTAL-Française Pétroles**/energy	13,933	248	13,575	2,905	72.42	6.21	6.71	6.2	40.5
71	**Société Générale**/banking	13,675	510	155,483	4,264	72.12	9.13	8.53	4.0	45.5
79	**Paribas Group**/banking	12,582	445	121,637	4,300	73.09	8.28	7.59	3.1	26.1
90	**Rhône-Poulenc Group**/chemicals	10,968	613	11,172	4,218	87.20	9.87	10.94	5.1	79.7
91	**Carrefour Group**/retailing	10,883	153	4,208	2,833	444.83	24.01	25.08	2.6	40.0
103	**Saint-Gobain**/misc materials	9,883	679	11,398	5,240	91.24	14.90	11.06	3.2	85.3
116	**UAP-Union des Assur**/insurance	9,334	479	35,389	4,315	64.21	6.31	6.79	NA	30.0
129	**Michelin Group**/industrial comp	8,699	398	9,231	2,466	29.69	4.48	4.33	1.1	119.8
132	**Pechiney**/metals nonfer	8,612	336	6,131	2,611	51.67	7.64	7.42	5.2	49.0
134	**Suez Group**/banking	8,525	NA	64,389[1]	4,619	49.72	4.64E	5.15	2.8	20.7
136	**Bouygues Group**/construction	8,410	87	7,023	1,331	100.94	6.74	6.53	3.1	59.2
151	**Promodès Group**/retailing	7,754	36	2,171[1]	724	469.46	23.17	21.67	1.8	30.4
175	**BSN-Groupe**/food, household	7,080	368	6,410	5,485	105.27	7.06	7.15	2.1	42.0
191	**AGF-Assur Générales**/insurance	6,801	353	19,006	2,037	92.58	16.04	14.71	2.5	17.0
192	**Schneider SA**/machinery & eng	6,798	94	10,561	1,299	113.33	8.20	8.54	42.2	60.0
215	**CIC-Crédit Indl**/banking	6,095	169	63,021	783	33.82	7.30	NA	2.4	27.0
222	**Casino Groupe**/retailing	5,956	87	2,097	1,497	32.82	1.87	1.96	4.1	40.2
244	**Thomson CSF**/aero & defense	5,573	497	9,171	3,761	33.82	4.48	4.20	4.5	65.0
255	**Groupe Bull**/data processing	5,296	38	4,462	53	13.20	0.94	1.46	0.0	45.6
257	**Crédit Foncier**/banking	5,240	135	49,747	1,124	133.64	19.22	18.62	5.5	3.6[2]
260	**GAN-Assur Nationales**/insurance	5,204	319	13,946	86	102.13	36.06	NA	4.1	8.7[2]
289	**Crédit Commercial**/banking	4,721	94	38,515	1,319	30.39	2.17	2.17	2.2	12.3

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The 500 largest foreign companies

France

Rank	Company/business	Revenue	Net income	Assets	Market value	Stock price	EPS 1988	EPS 1989E	Yield	Employees (thou)
316	**L'Aire Liquide**/chemicals	$4,302	$266	$5,265	$4,202	93.92	$5.94	$6.02	3.1%	27.0
320	**Groupe Printemps**/retailing	4,227	64	1,547	695	102.58	9.40	7.11	2.7	18.0
326	**L'Oréal Group**/personal care	4,104	207	3,472	3,543	614.45	35.66	38.67	1.5	27.6
338	**CFAO-Franc de l'Afrique**/trading	3,948	63	2,599	913	329.00	26.76	20.91	3.1	24.7
343	**Docks de France**/retailing	3,875	31	1,342	630	577.87	28.15	28.86	2.1	21.2
346	**Euromarche SA**/retailing	3,844	27	1,230[1]	526	468.12	23.84	26.77	4.8	19.0
351	**Lafarge Coppee**/bldg materials	3,805	316	4,247	2,978	229.95	24.34	23.59	2.9	20.1
363	**Dumez**/construction	3,689	76	2,418	979	151.86	12.64	11.68	2.5	30.0
371	**OCP-Off Comm Pharm**/chemicals	3,529	12	751	163	74.67	4.46	NA	3.6	6.1
408	**MATRA**/aero & defense	3,245	57	3,807[1]	1,108	47.78	2.45	2.94	2.8	5.8
417	**Lyonnaise des Eaux**/services	3,156	93	4,597[1]	1,535	255.19	16.36	16.02	2.8	40.0
423	**SAE-Aux d'Entreprise**/construction	3,109[1]	40[1]	4,406[1]	619	163.21	11.02	9.49	4.1	23.5
441	**Générale Occidentale**/media	2,960	86	1,966	1,126	134.69	10.69	9.50	4.2	25.3
458	**Hachette SA**/media	2,863[1]	42[1]	2,040[1]	1,137	58.09	2.35	2.66	1.3	26.0
472	**Valeo**/industrial comp	2,766	137	2,259	1,388	113.33	11.21	12.09	1.6	29.4
473	**LVMH**/bev & tobacco	2,760	336	3,354	7,353	627.89	29.04	30.07	1.6	12.3
475	**Accor SA**/leisure	2,752	79	2,456[1]	1,657	100.05	4.92	5.06	2.4	62.0
476	**IMETAL**/metals nonfer	2,744	97	1,114[1]	622	56.74	9.05	5.35	2.8	5.8
489	**HAVAS**/services	2,652	125	1,624	1,859	147.38	9.9[illegible]	7.19	1.7	8.5
497	**Chargeurs SA**/multi-industry	2,614	153	3,206	1,301	200.24	23.67	22.43	1.6	22.0

Germany

P/E 14.7 • Yield 3.6% • Market value $232.2 billion • Year to date price change –6.0%

Industrially, West Germany is a powerhouse. But it has a long way to go to compete as a world financial center. Many foreign bankers—even those who'd like to see an end to Glass-Steagall in the U.S.—agree that reforms are needed in a system where commercial banks also act as underwriters and investment advisers for corporations, as retail stockbrokers, and in many cases sit on their clients' boards. Nor are there insider trading laws in Germany. Futures and options markets are scheduled for 1990, pending legislative approval.

Rank	Company/business	Revenue	Net income	Assets	Market value	Stock price	EPS 1988	EPS 1989E	Yield	Employees (thou)
14	**Daimler-Benz Group**/automobiles	$41,848	$954	$29,169	$14,505	342.45	$34.28	$29.49	2.8%	338.7
17	**Siemens Group**/elec & electron	34,148	757	31,711	13,530	276.39	22.89	21.60	3.1	353.0
19	**Volkswagen Group**/automobiles	33,721	420	28,248	5,885	201.22	26.19	24.54	3.9	252.1
29	**VEBA Group**/utilities	25,276	574	20,362	5,982	149.84	16.23	15.39	5.8	84.7
30	**BASF Group**/chemicals	24,979	803	18,385	9,053	158.69	19.93	18.60	6.0	133.7
32	**Hoechst Group**/chemicals	23,325	1,147	17,626	9,020	160.21	18.34	20.80	5.9	164.5
34	**Bayer Group**/chemicals	23,043	1,056	19,289	9,996	157.18	19.36	19.27	6.0	165.7
53	**Thyssen Group**/metals-steel	16,806	366	10,296	4,048	129.33	14.95	16.89	4.6	127.8
56	**Allianz Worldwide**/insurance	16,625E	215E	18,653[1]	13,386	892.43	23.34	25.59	1.1	41.1
61	**RWE Group**/utilities	15,506	424	21,685	6,416	148.06	10.81	10.44	4.3	72.1
69	**BMW-Bayerische Motor**/automobiles	13,950	214[2]	52,238[2]	4,112	274.11	21.07	25.79	3.6	66.0
72	**Deutsche Bank Group**/banking	13,459	685	170,758	10,184	269.30	19.00	26.73	3.5	54.8
86	**Mannesmann**/machinery & eng	11,628	135	8,349	3,217	124.27	10.25	10.89	4.1	121.8
121	**Dresdner Bank**/banking	9,025	284	129,733	4,603	157.94	9.62	14.09	5.0	38.0

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The 500 largest foreign companies

Germany

Rank	Company/business	Revenue	Net income	Assets	Market value	Stock price	EPS 1988	EPS 1989E	Yield	Employees (thou)
128	**Metallgesellschaft**/multi-industry	$8,762	$64	$4,408	$1,348	210.58	$12.92	$12.07	3.0%	25.1
130	**M A N Group**/machinery & eng	8,638	103	7,558	1,945	151.61	8.95	9.40	3.4	62.0
142	**Asko**/retailing	8,256	68	2,084	1,366	416.60	25.62	28.45	2.8	40.5
150	**Degussa AG**/misc materials	7,825	84	3,222	1,691	231.59	16.39	15.81	3.6	32.5
168	**Commerzbank**/banking	7,301	254	101,107	2,735	120.93	11.23	11.40	5.9	27.3
177	**Karstadt Group**/retailing	7,046	81	2,766	1,888	262.21	0.00	9.82	2.7	67.2
184	**Münchener Rück**[2]/insurance	6,959	35	15,408	5,044	1,047.8	36	5.73	NA	81.5
194	**Deutsche Lufthansa**/airlines	6,745	46	5,848	2,164	91.37	2.56	3.10	3.5	49.1
197	**Bayer Vereinsbank**/banking	6,686	145	91,221	2,434	187.80	11.18	19.66	5.5	14.8
199	**Co op AG**/retailing	6,577	NA	2,127[1]	726	80.99	NA	NA	0.0	48.7
202	**Preussag Group**/multi-industry	6,505	66	2,993	1,104	137.38	8.27	10.78	2.9	25.5
229	**Henkel Group**/food, household	5,837	184	4,180	2,990	252.34	17.37	16.45	2.7	35.0
233	**Kaufhof**/retailing	5,754	44	2,533	1,994	239.94	7.96	8.13	2.8	42.6
248	**Bayer Hypotheken**/banking	5,521	142	75,830	2,857	190.33	9.45	18.98	5.2	13.6
252	**VIAG Group**/multi-industry	5,393	125	5,797	1,917	165.28	15.19	15.34	3.6	32.9
286	**Hoesch Group**/metals-steel	4,752	38	3,672	938	131.87	15.94	15.44	4.8	33.8
303	**Feldmühle Nobel**/misc materials	4,504	90	3,230	1,228	175.40	11.67	11.75	4.5	42.9
304	**Continental Group**/industrial comp	4,502	111	3,064	1,240	143.26	16.63	15.86	4.4	45.4
397	**Philipp Holzmann**/construction	3,307	17	1,352	803	445.96	NA	NA	1.1	22.8
401	**VEW-Vereinigte Elekt**/utilities	3,277	85	5,855	1,721	86.05	6.04	6.10	5.5	7.9
432	**Nixdorf Computer**/data processing	3,044	15	2,716	1,998	163.76	–0.05	0.81	1.9	31.0
437	**Schering Group**/personal care	3,002	89	3,146	1,908	337.13	18.22	17.97	2.8	24.7
440	**Deutsche Babcock**/machinery & eng	2,962	23	1,396	597	86.81	4.60	4.57	4.6	22.4
496	**Hochtief**/construction	2,615[1]	28[1]	2,653[1]	1,717	429.26	9.46	12.02	1.8	28.3

Italy

P/E 12.8 • Yield 2.8% • Market value $123.7 billion • Year to date price change –8.0%

Only a small percentage of Italian companies are public, but this is changing with the approach of 1992. The Milan exchange, Italy's largest, operates on a "match trading" system: A seller and buyer must match specifications in order for a transaction to be accomplished. This activity commonly occurs outside the official exchange and the trades are often not reported, or are reported inaccurately. Thus it is often difficult to get firm price quotes on Italian stocks. A more efficient centralized exchange may be in the works.

Rank	Company/business	Revenue	Net income	Assets	Market value	Stock price	EPS 1988	EPS 1989E	Yield	Employees (thou)
18	**Fiat Group**/automobiles	$34,040	$2,325	$40,406[1]	$13,432	6.64	$0.99	$0.96	3.4%	278.0
44	**Ferruzzi Group**/multi-industry	19,103	426	26,895	2,731	2.14	0.31	0.32	0.0	75.8
73	**STET**/telecomm	13,293	692	37,029	4,689	2.69	0.38	0.41	5.2	129.0
100	**Generali Group**/insurance	10,015	440	24,456	14,910	28.13	0.65	0.78	0.8	22.0
181	**Pirelli SpA**/automobiles	7,007	217	NA	1,830	2.28	0.20	0.24	3.4	77.9
200	**Olivetti Group**/data processing	6,507	274	9,017	3,232	6.40	0.50	0.51	3.7	57.5
410	**Alitalia**/airlines	3,227	37	3,032[1]	723	1.45	0.12	0.07	3.9	26.7
457	**SME**/food, household	2,869	90	1,923	1,157	2.65	0.23	0.20	2.6	3.4

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The 500 largest foreign companies

Japan

P/E 55.4 • Yield 0.5% • Market value $3.6 trillion • Year to date price change –7.2%

Thanks to sky-high prices and the strong yen, the Tokyo stock market now has a capitalization of $3.6 trillion, making it the world's largest. In 1988 Japanese stocks gained 34.8% in dollar terms, but for the last five months the index fell 7.2% as the dollar rose. "National interest" either limits or completely prohibits foreign shareholding in certain industries such as broadcasting, telecommunications and airlines. But a more effective means of limiting foreign interest may be the Tokyo market's price/earnings ratio.

Rank	Company/business	Revenue	income	Assets	Market value	Stock price	EPS 1988	EPS 1989E	Yield	Employees (thou)
1	**Mitsui & Co Ltd**/trading	$130,667	$314	$40,678[1]	$10,783	7.88	$0.23	$0.20	0.5%	11.4
2	**Sumitomo Corp**/trading	115,570	277	35,804	8,496	9.63	0.33	0.31	0.5	12.8
3	**C Itoh & Co Ltd**/trading	112,327	184	38,509	9,256	7.38	0.16	0.18	0.5	12.0
4	**Mitsubishi Corp**/trading	104,198	243	57,039	16,622	10.76	0.16	0.20	0.5	21.2
5	**Marubeni Corp**/trading	99,475	119	51,188	8,945	6.60	0.12	0.08	0.5	10.1
6	**Nissho Iwai Corp**/trading	81,371	66	24,703	4,513	6.78	0.10	0.15	0.5	7.2
9	**Toyota Motor Corp**/automobiles	53,818	2,319	41,156	54,553	19.20	0.84	0.86	0.7	86.1
10	**Hitachi Ltd**/elec & electron	49,897	1,450	52,538	36,076	11.96	0.46	0.47	0.5	274.5
12	**Nippon Tel & Tel**/telecomm	45,531	1,738	82,953	165,032	10,478.20	111.43	104.40	0.3	291.0
13	**Matsushita Elec Indl**/appliances	42,880	1,661	38,604[1]	35,956	17.51	0.78	0.80	0.5	134.2
15	**Nissan Motor Co**/automobiles	37,516	894	35,908	27,177	10.97	0.36	0.31	0.9	117.3
16	**Toyo Menka Kaisha**/trading	36,604	41	11,945	3,823	5.75	0.07	0.08	0.6	5.0
20	**Nichimen Corp**/trading	32,250	36	13,407	2,157	5.91	0.13	0.14	0.6	2.9[2]
23	**Tokyo Electric Power** [2]/utilities	30,702	936	78,907[1]	54,847	41.77	0.71	0.64	0.8	40.2
24	**Toshiba Corp**/elec & electron	29,633	931	31,850	31,135	10.13	0.29	0.28	0.6	125.0
26	**Kanematsu-Gosho**/trading	28,299	18	10,929	1,117	6.15	0.10	0.16	0.3	2.7[1]
28	**Honda Motor Co Ltd**/automobiles	27,201	756	17,300	13,400	14.14	0.77	0.82	0.5	58.3
31	**NEC Corp**/elec & electron	24,028	503	25,342	19,749	13.22	0.34	0.34	0.5	104.0
36	**Mitsubishi Electric**/elec & electron	21,206	415	17,775[1]	18,069	8.51	0.20	0.19	0.7	48.5[2]
47	**Sumitomo Bank Ltd**/banking	18,842	1,023	359,467	63,685	25.25	0.43	0.53	0.2	16.5[2]
48	**Fujitsu Ltd**/data processing	18,613	545	19,878	19,185	10.90	0.31	0.34	0.5	104.5
49	**Dai-Ichi Kangyo Bk**/banking	18,559	1,096	375,390	66,558	23.56	0.42	0.44	0.2	18.7[2]
52	**Nippon Steel Corp**/metals-steel	17,109	292	28,318	41,771	6.30	0.04	0.10	0.6	61.4[2]
54	**Indl Bank of Japan** [2]/banking	16,801	729	261,444[1]	72,098	30.66	0.31	0.30	0.2	3.5
55	**Sony Corp**/appliances	16,726	565	17,910	15,303	54.15	1.88	2.08	0.6	78.9
57	**Fuji Bank Ltd**/banking	16,241	904	327,759	67,556	25.25	0.34	0.46	0.2	15.5[2]
58	**Mitsubishi Bank Ltd**/banking	16,005	875	345,381	59,697	22.29	0.33	0.47	0.3	14.3[2]
60	**Kansai Electric** [2]/utilities	15,749	538	40,885[1]	31,109	32.77	0.56	0.61	1.1	24.4
62	**Mazda Motor Corp**/automobiles	15,467	78	9,558	7,277	7.10	0.08	0.14	0.7	28.4[2]
63	**Daiei Inc**/retailing	15,155	63	7,964	6,783	18.00	0.17	0.19	0.6	28.1
64	**Sanwa Bank Ltd**/banking	14,908	896	307,392	49,640	18.50	0.34	0.45	0.3	14.3[2]
66	**Mitsubishi Heavy**/machinery & eng	14,735	483	22,241[1]	26,844	8.09	0.15	0.13	0.5	56.2[2]
67	**Mitsubishi Motors**/automobiles	14,514	97	11,473	6,422	8.30	0.14	0.12	0.4	25.0[2]
77	**Chubu Electric** [2]/utilities	12,942	554	30,040[1]	22,122	30.59	0.77	0.66	1.1	20.7
78	**Nippon Oil Co Ltd**/energy	12,771	168	12,759	13,007	10.83	0.15	0.12	0.4	10.2
84	**Ito-Yokado Co Ltd**/retailing	11,913	403	6,361	10,417	25.74	0.99	0.93	0.6	29.8
85	**Mitsui Bank Ltd**/banking	11,668	572	209,168	29,906	16.03	0.34	0.35	0.4	10.2[2]
88	**Tokai Bank Ltd**/banking	11,410	480	213,525	30,755	15.96	0.26	0.29	0.3	12.3[2]
92	**Long-Term Credit Bk**/banking	10,743	374	182,838	31,073	144.16	1.85	2.16	0.4	3.3[2]
93	**Kawasho Corp** [2]/trading	10,680E	NA	5,001	688	6.53	NA	6.12	0.5	1.5

All figures except per-share items are in millions of U.S. dollars. General note: Revenue, net income and 1988 EPS are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. [1] Revenue figures are for group or consolidated operations and exclude excise taxes and duties. For companies with January, February or March fiscal year ends, 1988 figures are used when more current data are not available. [2] 1987 EPS are used when 1988 figures are not available. [3] Market value is as of May 31, 1989. [4] Figures are latest available. [5] Not fully consolidated. NA Not available or not applicable. E Forbes estimate. *Sources: Morgan Stanley Capital International Perspective; Exotix. Earnings estimates provided by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan.*

The 500 largest foreign companies

Japan

Rank	Company/business	Revenue	Net income	Assets	Market value	Stock price	EPS 1988	EPS 1989E	Yield	Employees (thou)
94	**Toyota Tsusho Corp**[2]/trading	$10,618	$43	$3,745	$1,968	8.72	$0.21	$0.23	0.7%	1.6
95	**Sumitomo Trust & Bk**[2]/financial svcs	10,525	455	102,289	22,016	17.93	0.39	0.46	0.3	6.6
98	**Bank of Tokyo**/banking	10,153	342	183,507	22,619	11.81	0.19	0.24	0.4	13.2[2]
102	**Cosmo Oil Co Ltd**/energy	9,903	56	8,675	3,826	7.03	0.10	0.09	0.5	2.9[2]
104	**Showa Shell Sekiyu**/energy	9,839	86	6,572[1]	2,823	10.34	0.31	0.24	0.4	2.5[2]
107	**Kajima Corp**/construction	9,675	390	12,079	13,631	15.19	0.18	0.19	0.4	16.0
108	**Sanyo Electric Co**/appliances	9,622	48	13,708	12,579	6.80	0.03	0.06	0.8	39.2
111	**Nippon Express Co**/trucking, RR	9,434	107	5,581[1]	11,186	10.55	0.10	0.10	0.3	43.5[2]
112	**Jusco Co Ltd**/retailing	9,414	82	5,620	4,053	14.14	0.28	0.35	0.9	19.6
114	**Taiyo Kobe Bank**[2]/banking	9,395	417	166,619[1]	16,744	9.56	0.00	0.24	0.4	13.4
115	**Isuzu Motors Ltd**[2]/machinery & eng	9,354	51	6,987	6,593	7.17	0.06	0.06	0.5	13.8[2]
117	**Bridgestone Corp**/industrial comp	9,278	312	10,601	8,320	11.60	0.43	0.44	0.7	88.1
119	**Nippondenso Co**/industrial comp	9,130	304	8,161	11,563	16.32	0.43	0.46	0.6	47.6
122	**Taisei Corp**/construction	8,927	103	13,278	12,041	11.96	0.11	0.13	0.4	12.1
126	**Sharp Corp**/appliances	8,855	147	11,911	9,550	10.06	0.16	0.23	0.8	29.3
131	**Canon Inc**/leisure goods	8,623	289	9,843	7,816	12.73	0.47	0.47	0.7	40.7
139	**Mitsubishi Trust**[2]/financial svcs	8,306	472	106,029	24,841	19.13	0.39	0.45	0.3	6.1
140	**Seiyu Ltd**/retailing	8,281	46	6,132[1]	2,601	15.47	0.27	0.30	0.7	26.0
141	**NKK Corp**/metals-steel	8,276	121	18,341	20,293	6.36	0.04	0.12	0.6	23.9
143	**Shimizu Construction**/construction	8,233	78	9,386	11,454	14.91	0.11	0.17	0.4	10.2[2]
145	**Nichii Co Ltd**/retailing	8,124	105	6,435	4,676	17.86	0.39	0.41	0.8	33.1
147	**Mitsui Trust & Bank**/financial svcs	8,075	367	173,130[2]	16,201	14.28	0.33	0.40	0.4	6.3[2]
153	**Asahi Glass Co**/misc materials	7,702	360	7,549	19,185	16.53	0.27	0.32	0.3	9.3[2]
155	**Sumitomo Metal Ind**/metals-steel	7,676	22	15,144	17,986	6.33	0.01	0.12	0.6	22.3[2]
156	**Kobe Steel Ltd**/metals-steel	7,633	35	16,434	15,904	6.08	0.01	0.08	0.6	22.3[2]
160	**Tohoku Electric**[2]/utilities	7,503	369	17,982	13,143	27.08	0.76	0.61	1.3	13.5
161	**Kyushu Electric**[2]/utilities	7,445	321	22,329	12,189	26.72	0.71	0.55	1.3	15.1
163	**Taiyo Fishery Co**/food, household	7,409	1	3,523	1,835	6.12	0.00	0.08	0.0	13.5
165	**Nomura Securities**/financial svcs	7,339	1,636	31,260	44,759	23.35	0.86	0.86	0.4	15.0
167	**Kawasaki Steel Corp**/metals-steel	7,329	63	14,236	21,453	7.31	0.02	0.13	0.5	20.8[2]
169	**Nippon Credit Bank**/banking	7,286	223	113,983	17,840	104.78	1.35	NA	0.3	2.3
170	**Mitsubishi Kasei**/chemicals	7,156	173	9,817	10,906	8.23	0.13	0.10	0.5	8.8[2]
178	**Kumagai Gumi Co**/construction	7,035	79	12,129	7,914	12.10	0.13	0.17	0.5	8.2[2]
179	**Japan Air Lines**/airlines	7,026	140	8,455	18,157	116.03	0.94	1.22	0.2	21.0[2]
182	**Sumitomo Chemical**/chemicals	7,000	306	7,807	10,944	6.75	0.19	0.15	0.5	12.3
189	**Asahi Chemical Inds**/chemicals	6,881	176	7,243	11,708	8.79	0.14	0.16	0.6	22.1
193	**Fuji Photo Film**/leisure goods	6,769	633	9,316	11,139	29.54	1.68	1.59	0.3	18.2
196	**Yasuda Trust & Bank**/financial svcs	6,716	306	73,658	13,554	13.15	0.36	0.41	0.4	5.4
201	**Suzuki Motor Co Ltd**/automobiles	6,505	77	4,615	2,440	6.48	0.25	0.21	0.7	12.9[2]
204	**Snow Brand Milk**/food, household	6,433	39	1,797	2,493	8.93	0.15	0.16	0.6	8.3[2]
205	**Takashimaya Co**/retailing	6,340E	115E	3,759[1]	4,715	21.87	0.55	0.70	0.2	12.6
208	**Chugoku Electric**[2]/utilities	6,245	242	16,802[1]	9,392	26.51	0.68	0.57	1.3	11.6
209	**Saitama Bank Ltd**[2]/banking	6,200	227	92,202[1]	10,848	11.32	0.00	0.24	0.4	8.2
211	**Komatsu Ltd**/machinery & eng	6,183	162	8,243[1]	9,210	9.56	0.17	0.17	0.6	22.9
212	**Ishikawajima-Harima**/machinery & eng	6,173	4	8,846	10,775	8.30	0.00	0.06	0.3	15.9[2]
213	**Matsushita Elec Work**/elec & electron	6,137	187	5,775	8,616	14.77	0.32	0.33	0.5	18.2

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The 500 largest foreign companies

Japan

Rank	Company/business	Revenue	Net income	Assets	Market value	Stock price	EPS 1988	EPS 1989E	Yield	Employees (thou)
214	**Mitsukoshi**/retailing	$6,125	$25	$2,602[1]	$8,124	17.16	$0.05	$0.10	0.2%	11.4[2]
219	**Ohbayashi Corp**/construction	5,999	66	9,192	9,213	12.87	0.09	0.13	0.3	11.0[2]
220	**Nissan Fire & Marine** [2]/insurance	5,973	25	4,530	4,308	21.10	0.12	0.14	0.2	4.1
221	**Sekisui House Ltd**/construction	5,971	201	7,120[1]	7,589	14.56	0.42	0.41	1.0	9.4[2]
225	**Daimaru**/retailing	5,929	22	2,323[1]	2,066	8.23	0.09	0.11	0.4	7.2[2]
226	**Kyowa Bank Ltd** [2]/banking	5,860	244	103,110	11,583	9.78	0.21	NA	0.5	8.3
227	**Itoman & Co Ltd**/trading	5,847E	NA	6,738	1,309	9.56	NA	0.24	0.5	1.4[2]
230	**Nippon Mining Co**/energy	5,833	54	5,495	5,631	6.51	0.07	0.05	0.6	5.5[2]
235	**Daihatsu Motor**/automobiles	5,690E	NA	3,388[1]	2,477	5.88	NA	0.11	0.7	11.2[2]
239	**Kubota Ltd**/machinery & eng	5,621	143	5,850	12,571	8.93	0.10	0.11	0.4	16.0[2]
240	**Tokio Marine & Fire**/insurance	5,617	260	23,724	21,054	14.35	0.18	0.21	0.3	10.7[2]
241	**Mitsubishi Metal**/metals nonfer	5,609	47	5,785	4,978	7.81	0.08	0.13	0.5	7.1[2]
245	**Kirin Brewery Co**/bevs & tobacco	5,570E	NA	7,827	12,411	13,713	NA	0.24	0.4	7.7[2]
246	**Sumitomo Electric**/industrial comp	5,559	136	5,910	7,587	11.04	0.20	0.24	0.4	13.4[2]
249	**Dai Nippon Printing**/services	5,478	195	6,064	11,918	16.81	0.30	0.36	0.4	13.9
250	**Mitsui Real Estate**/real estate	5,465	195	17,424	13,285	17.51	0.27	0.33	0.4	6.7
253	**Daiwa Securities**/financial svcs	5,371	910	35,050	19,248	15.12	0.72	0.68	0.6	9.6
254	**Toray Industries**/chemicals	5,363	209	7,034	9,924	7.24	0.16	0.14	0.6	25.4
261	**Tokyo Gas Co Ltd**/utilities	5,132	267	6,429	21,278	7.81	0.10	0.08	0.5	12.9[2]
262	**Daiwa Bank Ltd** [2]/banking	5,130	254	149,171	16,369	12.03	0.19	0.23	0.4	8.9
263	**Toppan Printing Co**/services	5,123	138	5,256	8,726	13.92	0.23	0.34	0.5	18.0
267	**Hokkaido Takushoku** [2]/banking	5,074	146	75,887	6,633	7.67	0.15	NA	0.6	6.5
270	**Fuji Heavy Inds**/automobiles	5,053	54	4,999	4,095	7.45	0.13	0.11	0.8	15.0[2]
272	**Toshoku Ltd** [2]/trading	5,027	0	2,293	663	6.96	0.08	NA	0.5	0.5
273	**Mitsubishi Oil Co**/energy	5,002	57	4,181	2,789	8.30	0.19	0.09	0.4	2.4[2]
275	**Showa Denko**/chemicals	4,963	144	4,686	8,312	8.51	0.15	0.11	0.4	5.0[2]
279	**Ricoh Co Ltd**/data processing	4,872	123	5,108	5,524	9.21	0.21	0.26	0.8	28.0
280	**Kawasaki Heavy Inds**/machinery & eng	4,865	67	7,526	11,045	8.30	0.05	0.05	0.0	19.2
282	**Yasuda Fire & Marine** [2]/insurance	4,834	104	17,993	7,956	9.14	0.12	0.14	0.5	10.3
285	**Chori Co Ltd**/trading	4,757	0	2,728	437	6.20	0.00	NA	0.0	1.5[2]
291	**Uny Co Ltd**/retailing	4,697	70	2,922	2,376	13.99	0.41	0.45	0.9	9.7
293	**Kinki Nippon Railway**/trucking, RR	4,691	125	7,966	14,238	9.70	0.09	0.07	0.4	11.5[2]
296	**Nippon Yusen Kaisha**/shipping	4,633	7	6,875	8,584	7.53	0.01	0.04	0.4	3.3[2]
298	**Takeda Chemical Inds**/personal care	4,575	275	6,686	14,857	17.09	0.32	0.36	0.4	13.9
299	**Furukawa Electric Co**/industrial comp	4,561	105	5,033	5,832	9.42	0.18	0.16	0.5	7.0[2]
301	**Toyo Seikan Kaisha**/misc materials	4,547	163	3,766	3,761	19.62	0.97	0.92	0.3	6.3[2]
302	**Tonen Corp**/energy	4,541	274	5,017	7,605	12.94	0.56	0.42	1.4	2.3[2]
305	**Dainippon Ink & Chem**/chemicals	4,489	48	5,384	4,846	6.51	0.07	0.09	0.6	6.7[2]
306	**Kao Corp**/food, household	4,460	136	4,037	6,007	11.96	0.27	0.25	0.5	6.6[2]
311	**Hanwa Co Ltd** [2]/retailing	4,373	80	9,475	5,717	17.09	0.28	0.37	0.5	1.2
321	**Fujita Corp**/construction	4,210E	0	7,943[1]	5,985	13.57	0.00	0.16	0.3	5.5
324	**Osaka Gas Co**/utilities	4,156	228	6,195	15,152	6.32	0.09	0.07	0.6	9.8[2]
327	**All Nippon Airways**/airlines	4,098	43	6,480	17,771	12.94	0.03	0.05	0.2	12.0[2]
329	**Yamaha Motor Co**/leisure goods	4,077E	50	3,477[1]	2,332	10.34	0.22	0.26	0.4	9.8
331	**Toyo Trust & Banking** [2]/financial svcs	4,033	273	50,008	9,491	13.57	0.40	0.45	0.4	5.1
332	**Fuji Electric Co**/elec & electron	4,026	48	5,128	5,855	8.368	0.07	0.11	0.5	12.4[2]

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The 500 largest foreign companies

Japan

Rank	Company/business	Revenue	Net income	Assets	Market value	Stock price	EPS 1988	EPS 1989E	Yield	Employees (thou)
334	**Oji Paper Co**/forest products	$4,004	$128	$3,602	$8,028	13.43	$0.22	$0.33	0.4%	5.5[2]
335	**Bank of Yokohama** [2]/banking	3,989	131	80,576	10,512	10.48	0.16	NA	0.3	6.7
337	**Matsuzakaya**/retailing	3,976	41	1,392[1]	7,591	48.88	0.26	0.24	0.1	7.2[2]
340	**Teijin Ltd**/chemicals	3,889	145	5,431	5,929	6.32	0.16	0.18	0.7	6.0[2]
341	**Kanebo Ltd**/textile, apparel	3,886	–17	4,761	2,910	6.01	–0.03	0.06	0.6	26.5
345	**Ube Industries**/misc materials	3,845	141	6,433	[illegible]	6.26	0.17	0.07	0.0	7.2[2]
348	**Sekisui Chemical**/bldg materials	3,838	103	3,662	[illegible]	10.62	0.22	0.35	0.5	5.2[2]
347	**Nippon Suisan Kaisha**/food, household	3,838	30	2,309	1,62[illegible]	6.18	0.11	0.05	0.6	3.6[2]
353	**Nippon Meat Packers**/food, household	3,802	72	2,348	2,862	14.42	0.37	0.42	0.5	13.2
355	**Aisin Seiki Co**/industrial comp	3,788	74	2,734	2,955	11.39	0.30	0.32	0.7	9.5[2]
374	**Ajinomoto Co**/food, household	3,506	120	4,884	12,412	19.41	0.19	0.22	0.4	13.1
375	**Sumitomo Metal Mining**/metals nonfer	3,506	27	2,887	4,373	9.92	0.06	0.15	0.4	3.0[2]
378	**Hazama-Gumi**/construction	3,479	30	3,661	3,419	11.74	0.11	0.11	0.4	4.7
380	**Sumitomo Rubber**/industrial comp	3,457	40	3,268	1,228	9.00	0.30	0.32	0.5	4.9[2]
383	**Toda Construction** [2]/construction	3,399	26	3,788	2,572	12.30	0.13	0.15	0.4	5.3
384	**Nagase & Co Ltd**/trading	3,396	47	1,994	1,485	9.85	0.30	0.88	0.6	1.2[2]
385	**Nichirei**/food, household	3,384	33	1,409	2,591	8.79	0.11	0.11	0.5	2.4[2]
386	**Isetan**/retailing	3,384	59	1,832	3,634	17.09	0.28	0.26	0.4	6.0[2]
387	**Yamaha Corp**/leisure goods	3,376	61	3,163	2,485	13.01	0.32	0.30	0.5	12.8[2]
388	**Toyobo Co**/textile, apparel	3,361	46	3,656	4,315	6.33	0.07	0.09	0.6	9.0[2]
389	**Daiwa House**/construction	3,361	115	4,446	6,733	15.40	0.27	0.36	0.5	7.6
391	**Jujo Paper**/forest products	3,347	88	4,004	4,511	9.56	0.21	0.26	0.4	4.5[2]
392	**Konica**/leisure goods	3,347	13	3,817	2,916	8.22	0.04	0.09	0.9	13.0
393	**Shinsho Corp** [2]/trading	3,332	3	1,622	523	6.65	0.03	0.05	0.3	1.0
395	**Marui**/retailing	3,325	160	3,793	6,505	19.62	0.49	0.58	0.7	8.5[2]
404	**Tokyu Dept Stores**/retailing	3,262	36	2,234[1]	2,509	10.06	0.16	0.16	0.5	4.6[2]
405	**Oki Electric**/elec & electron	3,250	25	4,089	4,549	7.95	0.05	0.14	0.5	13.9[2]
406	**Nippon Light Metal**/metals nonfer	3,253	34	3,339	2,951	7.10	0.08	0.15	0.5	3.8[2]
407	**TDK**/electronic comp	3,251	173	4,082	4,456	36.99	1.44	1.40	0.8	19.6
409	**Hino Motors**/machinery & eng	3,238	29	1,958	2,803	8.02	0.09	0.15	0.5	8.1
414	**Yamazaki Baking**/food, household	3,199	71	2,098	2,463	11.18	0.32	0.34	0.6	13.9[2]
415	**Mitsui OSK Lines**/shipping	3,159	–72	5,967	7,343	7.02	–0.07	–0.02	0.0	1.9[2]
416	**Mitsui Toatsu Chems**/chemicals	3,159	54	4,658	5,075	7.67	0.08	0.16	0.5	5.3[2]
418	**Hokkaido Electric**/utilities	3,152	182	10,335	5,462	26.30	0.90	0.56	1.3	6.5
420	**Daikyo**/real estate	3,135	86	8,072	2,499	21.80	0.76	0.84	1.0	2.4
421	**Shiseido**/personal care	3,119	74	4,113	3,389	12.10	0.26	0.25	0.6	13.6[2]
424	**Nagasakiya**/retailing	3,094E	27	2,033[1]	4,660	32.00	0.18	0.18	0.3	3.7[2]
425	**Pioneer Electronic**/appliances	3,089	128	2,358	3,850	25.47	0.85	0.91	0.6	12.9
427	**General Sekiyu Group**/energy	3,086	58	2,497	1,808	10.69	0.43	0.24	0.8	1.4[2]
429	**Mitsubishi Petrochem**/chemicals	3,067	199	4,029	4,979	11.53	0.46	0.39	0.4	2.9
438	**Honshu Paper**/forest products	2,964	27	4,520	2,216	7.53	0.09	0.09	0.5	6.5[2]
439	**Maeda Corp** [2]/construction	2,963E	37	3,376	2,185	13.22	0.00	0.25	0.5	4.4
446	**Asahi Breweries**/bev & tobacco	2,932	34	5,940	4,739	15.47	0.11	0.20	0.4	6.2
450	**Sanyo-Kokusaku Pulp**/forest products	2,899	71	3,129	3,573	8.37	0.20	0.17	0.5	4.3[2]
454	**Sankyo Co**/personal care	2,891	87	2,821	6,182	17.44	0.25	0.33	0.3	5.9

All figures except per share items are in millions of U.S. dollars. General note: Revenue, net income and 1988 EPS are converted at an average rate of exchange for the fiscal year. Assets are converted at fiscal year end rate. Revenue figures are for group or consolidated operations and exclude excise taxes and duties. For companies with January, February or March fiscal year ends, 1988 figures are used when more current data are not available. "198" EPS are used when 1988 figures are not available. Market value is as of May 31, 1989. [1]Figures are latest available. [2]Not fully consolidated. NA: Not available or not applicable. *Sources: Morgan Stanley Capital International Perspective; Forbes. Earnings estimates provided by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan.*

The 500 largest foreign companies

Japan

Rank	Company/business	Revenue	Net income	Assets	Market value	Stock price	EPS 1988	EPS 1989E	Yield	Employees (thou)
455	**Alps Electric**/electronic comp	$2,885	$65	$2,886	$2,159	12.17	$0.37	$0.28	0.9%	14.1
456	**Hitachi Chemical**/chemicals	2,884	28	2,217	2,592	14.84	0.16	0.19	0.3	5.0[2]
459	**Nissan Shatai Co**[2]/automobiles	2,856	15	1,032	1,089	6.93	0.09	0.09	0.9	5.2
462	**Iwatani & Co Ltd**/utilities	2,833E	9E	2,045	1,811	7.74	0.04	0.08	0.3	2.0[2]
463	**Hattori Seiko Co**/leisure goods	2,819	–67	2,824	1,573	16.39	–0.69	0.10	0.4	8.2
467	**Shikoku Electric**/utilities	2,805	176	7,986	7,138	26.51	0.66	0.56	1.3	5.9
468	**Meiji Milk Prods**/food, household	2,790	21	1,275	2,013	7.17	0.09	0.07	0.6	5.7[2]
470	**Toyo Sash**/bldg materials	2,776	140	2,643	6,130	39.59	1.97	NA	0.1	4.7[2]
474	**Taisho Marine & Fire**/insurance	2,755	206	22,730	6,467	9.49	0.30	0.18	0.5	7.2[2]
478	**Sato Kogyo**/construction	2,737	22	2,864	4,384	18.14	0.09	0.08	0.2	4.8[2]
479	**Nisshin Steel**/metals-steel	2,696	100	4,106	10,767	11.11	0.10	0.24	0.3	7.4[2]
483	**Seibu Railway**/trucking, RR	2,674	25	4,773	15,784	36.43	0.06	0.06	0.1	5.2
484	**Toyota Automatic Loom**/mach & eng	2,660	77	1,975	3,762	14.42	0.29	0.35	0.5	6.9
488	**Nagoya Railroad**/trucking, RR	2,653	48	7,223	6,604	9.28	0.07	0.07	0.3	8.4[2]
490	**Kyocera**/electronic comp	2,643	232	3,555	5,705	36.92	1.43	1.39	0.8	12.3[2]
491	**Onoda Cement**/bldg materials	2,638	73	3,683	3,452	7.45	0.16	0.19	0.5	1.5[2]
493	**Kawasaki Kisen**/shipping	2,624	–58	3,569	3,953	6.75	–0.10	0.02	0.0	1.3[2]
495	**Itoham Foods**/food, household	2,615	43	1,637	2,232	9.92	0.04	0.17	0.9	4.5[2]
498	**Kandenko**/construction	2,609	55	2,065	2,510	23.77	0.53	0.75	0.2	9.1

Netherlands

P/E 10.0 • Yield 4.5% • Market value $89.8 billion • Year to date price change 2.9%

The Netherlands boasts of having the world's oldest stock exchange, dating back to 1611. Of the 569 stock issues traded on the Amsterdam stock exchange, over half are foreign. The Amsterdam Security Account System is unique in allowing foreign stocks to be traded in their native currency, and according to the rules of their home market. Nonetheless, a few large Dutch outfits—such as Royal Dutch Petroleum, Unilever, Akzo, Philips Lamps and KLM—account for up to half the trading volume in Amsterdam.

Rank	Company/business	Revenue	Net income	Assets	Market value	Stock price	EPS 1988	EPS 1989E	Yield	Employees (thou)
7	**Royal Dutch/Shell**/energy	$78,380	$5,237	$85,734	$54,706[3]	62.43	$6.25	$6.49	5.1%	134.0
21	**Unilever**/food, household	31,367	1,528	19,915	16,732[4]	61.98	5.45	5.39	3.1	295.0
25	**Philips Group**/appliances	28,382	534	26,432	4,602	17.02	1.98	1.77	5.3	310.3
109	**Nationale-Nederland**/insurance	9,510	398	41,005	3,881	27.58	3.09	3.02	4.6	23.1
137	**Akzo Group**/chemicals	8,393	426	6,741	2,758	65.80	10.17	10.23	5.1	71.1
152	**Ahold**/retailing	7,728	73	1,931	1,095	52.01	3.50	3.69	1.8	49.5
264	**NV DSM**/chemicals	5,120	315	4,174	2,188	62.52	8.99	10.81	3.4	28.0
276	**AEGON Insurance**/insurance	4,937	195	25,326	1,780	43.52	5.30	5.08	4.9	9.5
277	**Schlumberger Ltd**/energy	4,925	454	5,600	9,360	39.38	1.72	NA	3.0	48.0
315	**AMEV NV**/insurance	4,333	140	13,983	1,254	22.32	2.56	2.39	5.[1]	10.7
336	**Hoogovens Groep**/metals-steel	3,981	152	4,516	945	46.62	7.49	9.07	3.9	29.6
426	**Heineken NV**/bev & tobacco	3,088	147	3,271	1,640	51.07	4.99	5.09	3.1	28.7
442	**KLM**/airlines	2,959	184	5,209[1]	1,155	21.87	3.49	3.50	3.3	22.2

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Sources: Morgan Stanley Capital International Perspective, Forbes. Earnings estimates provided by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan.

The 500 largest foreign companies

Spain

P/E 16.7 • Yield 3.8% • Market value $88.0 billion • Year to date price change -2.8%

Earlier this year the Madrid stock exchange began listing a handful of securities on the "continuous market," a computerized trading system that also has longer hours than the regular exchange. Repsol, Spain's largest oil company, went public three months ago and is expected to join the new market by the end of summer. As the market earnings multiple above suggests, international investors have grown most interested in sunny Spain's economic modernization and above-average prospects for growth.

Rank	Company/business	Revenue	Net income	Assets	Market value	Stock price	EPS 1988	EPS 1989E	Yield	Employees (thou)
101	**Banco Central Group**/banking	$9,936	$484	$90,449	$3,844	38.94	$2.52	NA	3.6%	23.8
146	**Repsol SA**/energy	8,089	480	6,392	4,967	16.63	1.60	$1.85	3.8	18.7
187	**Banco Bilbao-Vizcaya**/banking	6,923	730	62,426	7,375	56.73	6.52	6.77	3.5	32.0
258	**Telefónica**/telecomm	5,219	528	20,601	7,328	7.73	0.11	0.64	5.7	67.0
368	**Tabacalera**/bev & tobacco	3,563	47	1,346	1,397	37.94	0.25	2.73	2.1	8.5
399	**Banco Santander**/banking	3,292	337	25,818	5,172	49.70	3.24	3.61	2.5	15.5
419	**Banco Hispano Amer**/banking	3,140	280	27,772	2,833	33.81	3.42	3.78	3.3	18.1
436	**CEPSA**/energy	3,021[1]	65[1]	1,679[1]	1,184	20.06	1.64	1.65	4.0	3.6[2]

Sweden

P/E 13.8 • Yield 2.1% • Market value $96.8 billion • Year to date price change 8.7%

Swedish corporations usually issue two types of common shares: "free" and "restricted." Foreign investors are allowed to purchase only "free" shares; this is a way to limit foreign control of Swedish companies. There are only 177 companies officially listed on the Stockholm stock exchange, but many are large: Market capitalization is just under $100 billion. With Swedish currency restrictions abolished as of July 1 of this year, foreigners will also be able to acquire Swedish money market instruments and bonds.

Rank	Company/business	Revenue	Net income	Assets	Market value	Stock price	EPS 1988	EPS 1989E	Yield	Employees (thou)
59	**Volvo Group** /automobiles	$15,766	$669	$14,122	$5,190	80.29	$8.62	$11.88	2.6%	77.1
82	**Electrolux Group** /appliances	12,077	298	9,232	3,550	49.23	4.11	5.80	3.5	147.2
186	**Saab-Scania**/machinery & eng	6,936	322	6,618	2,568	37.82	4.73	6.34	3.1	48.4
242	**Stora Group**/forest products	5,598	307	7,968	3,719	62.28	5.14	7.92	2.4	54.0
265	**Ericsson LM**/elec & electron	5,108	194	5,624	2,887	75.64	5.11	5.33	2.1	65.1
274	**Skand Enskilda Bank**/banking	4,985	383	46,965	3,586	13.96	2.98	1.43	5.1	9.4
354	**PKbanken Group**/banking	3,797	228	39,588	1,995	26.26	3.01	NA	3.1	5.0
356	**Svenska Handelsbank**/banking	3,780	300	38,658	2,541	24.61	2.85	2.85	2.7	6.6
357	**Skanska AB**/construction	3,768	160	4,700	4,953	79.54	2.55	2.36	0.8	29.7
373	**Trelleborg**/industrial comp	3,514	152	3,129[1]	1,715	54.93	4.73	5.82	2.2	21.9
377	**Nobel Industrier**/aero & defense	3,481	73	5,123	1,458	32.42	1.63	1.58	1.5	18.2
379	**SKF Group** /industrial comp	3,468	121	3,594	2,796	22.81	1.15	1.79	2.3	43.3
382	**SCA-Svenska Cellulosa**/forest products	3,411	197	4,429	3,067	57.78	3.49	5.41	1.9	21.3
434	**Bilspedition**/services	3,032	41	772	876	28.22	1.47	2.25	0.8	3.2
447	**Procordia Group**/multi-industry	2,929	163	2,888	2,775	74.29	4.39	4.50	1.2	27.8
481	**Sandvik**/metals-steel	2,677	260	3,356	2,735	51.03	4.86	5.82	1.8	26.2

All figures except per share items are in millions of U.S. dollars. General note: Revenue, net income and 1988 EPS are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. Revenue figures are for group or consolidated operations and exclude excise taxes and duties. For companies with January, February or March fiscal year-ends, 1988 figures are used when more current data are not available. 1987 EPS are used when 1988 figures are not available. Market value is as of May 31, 1989. [1]Figures are latest available. [2]Not fully consolidated. NA: Not available or not applicable.
Sources: Morgan Stanley Capital International Perspective, Europe. Earnings estimates provided by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan.

The 500 largest foreign companies

Switzerland

P/E 14.3 • Yield 2.4% • Market value $136.5 billion • Year to date price change –6.2%

The Swiss equities market has three major exchanges—in Basel, Geneva and Zurich. Each exchange has two markets: the official and the "premarket." The premarket operates similarly to the over-the-counter market in the U.S. Institutional investors account for over half the volume of total Swiss securities transactions. It takes institution-size money to buy some Swiss stocks: A single share of Roche/Sapac Group, for example, costs almost $169,000. Fourteen of the 15 other Swiss stocks listed below sell for over $500 a share.

Rank	Company/business	Revenue	Net income	Assets	Market value	Stock price	EPS 1988	EPS 1989E	Yield	Employees (thou)
27	**Nestlé**/food, household	$27,807	$1,387	$22,055	$13,549	4,161.78	$396.36	$385.18	2.5%	197.7
50	**Asea Brown Boveri**/elec & electron	18,340E	203	19,687	7,645[4]	2,209.85	NA	NA	1.7	173.9
83	**CIBA-GEIGY Group**/chemicals	12,060	905	16,430	9,075	2,086.75	167.43	163.31	1.4	88.8
96	**Zurich Insurance**/insurance	10,506	225[2]	2,276[2]	4,355	2,649.47	NA	215.91	1.4	25.2
158	**Winterthur Group**/insurance	7,619	151	22,267	2,803	2,549.82	109.34	189.85	1.5	16.3
162	**Union Bank of Switz**/banking	7,411	532	110,771	7,578	1,787.81	125.74	141.07	3.9	20.9
171	**Swiss Re Group**/insurance	7,154[1]	134[1]	22,496[1]	2,828	5,773.74	217.28	222.57	1.3	16.0
180	**Swiss Bank Corp**/banking	7,021	461	102,460	5,589	171.16	13.37	16.50	4.5	17.5
185	**Sandoz Group**/personal care	6,937	520	7,201	7,616	6,213.37	373.81	371.96	1.1	48.1
223	**Roche/Sapac Group**/personal care	5,939	427	10,157	8,535	168,815.94	661.18	555.45	0.5	49.7
266	**CS Holding**/banking	5,077	405	75,399	6,515	1,383.35	105.92	138.94	4.6	15.1[3]
313	**Jacobs Suchard**/food, household	4,361	210	2,056	2,356	4,021.10	349.21	336.86	2.4	17.1
328	**Alusuisse**/metals nonfer	4,085	215	3,949	1,280	632.47	101.83	91.84	1.9	24.4
361	**Sulzer Group**/machinery & eng	3,701	50	5,021	828	2,960.14	182.46	188.87	2.2	33.8
448	**Swissair**/airlines	2,928	50	3,237	1,013	609.61	46.37	36.41	3.7	18.6
452	**Oerlikon-Bührle**/aero & defense	2,892	–25	5,648	920	621.34	–15.85	8.81	0.0	29.9

United Kingdom

P/E 10.9 • Yield 4.6% • Market value $715.6 billion • Year to date price change 1.5%

The U.K.'s International Stock Exchange is the largest equity market in Europe. Unlike the New York and Tokyo exchanges, its trading floor is virtually redundant; transactions are handled electronically. Unsolicited takeover bids are becoming the rage in London. Minorco failed to win Consolidated Gold Fields; Hanson Plc. is now bidding over £3 billion for Cons Gold. And Gateway, Britain's third-largest retailer, received offers, first from Isosceles Plc., and later from Great Atlantic & Pacific Tea and Wasserstein, Perella.

Rank	Company/business	Revenue	Net income	Assets	Market value	Stock price	EPS 1988	EPS 1989E	Yield	Employees (thou)
11	**British Petroleum**/energy	$46,137	$2,155	$53,073	$24,261	4.56	$0.36	0.41	6.0%	125.9
38	**B.A.T Industries**/bev & tobacco	20,021	1,691	17,919	13,526	8.89	1.12	1.07	4.7	172.7
41	**Imperial Chemical**/chemicals	19,898	1,491	15,900	13,496	19.87	2.32	2.20	5.3	130.4
42	**British Telecomm**/telecomm	19,587	2,771	30,018	24,397	4.05	0.46	0.44	5.2	242.7
43	**Barclays Plc**/banking	19,474	158	189,273	7,837	7.01	1.57	1.39	6.9	118.4
45	**National Westminster**/banking	18,920	1,671	178,489	7,195	9.19	2.19	1.99	6.5	111.0
73	**British Gas**/utilities	13,315	1,591	19,308	11,752	2.75	0.37	0.36	6.3	79.7
75	**Hanson Plc**/multi-industry	13,109	1,184	13,167	12,304	3.14	0.30	0.28	5.0	105.0
81	**Lloyds Bank Group**/banking	12,309	1,096	93,786	4,308	5.27	1.35	1.29	6.7	83.9
87	**Prudential Corp Plc**/insurance	11,471	413	55,805	5,080	2.76	0.23	0.22	6.1	40.6
89	**Midland Group**/banking	11,386	734	100,843	4,117	5.27	0.96	0.92	6.5	59.1
97	**J Sainsbury Plc**/retailing	10,474	442	4,068[1]	5,669	3.78	0.30	0.28	2.8	54.2
99	**British Aerospace**/aero & defense	10,045	278	11,751	2,662	10.42	1.10	1.26	4.2	133.0
106	**BTR Plc**/multi-industry	9,749	866	8,391	9,935	5.78	0.52	0.54	4.4	98.6

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Sources: Morgan Stanley Capital International Perspective; Forbes; Earnings estimates provided by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan

The 500 largest foreign companies

United Kingdom

Rank	Company/business	Revenue	Net income	Assets	Market value	Stock price	EPS 1988	EPS 1989E	Yield	Employees (thou)
110	**General Electric Co**/elec & electron	$9,455	$768	$10,066	$10,135	3.72	$0.29	$0.32	3.9%	157.3
120	**Marks & Spencer Plc**/retailing	9,059	609	5,091	7,687	2.87	0.23	0.22	4.1	50.9
123	**RTZ Corp**/metals nonfer	8,893	761	8,262	6,207	7.84	0.98	0.90	4.0	82.1
125	**Gateway Corp Plc**/retailing	8,864	233	3,552	2,868	3.21	0.26	0.03	5.9	84.2
138	**Tesco Plc**/retailing	8,392	331	3,537	4,231	2.74	0.21	0.21	2.7	52.7
144	**Grand Metropolitan**/multi-industry	8,219	730	9,852	7,301	8.48	0.85	0.83	4.0	75.4
148	**Royal Insurance**/insurance	8,005	273	13,019	2,988	6.22	0.57	0.55	7.6	30.0
149	**Dalgety Plc**/food, household	7,892	116	2,210	1,280	5.78	0.53	0.51	5.6	22.8
159	**British Airways**/airlines	7,532	310	5,901	2,269	3.15	0.42	0.42	5.2	50.2
183	**British Steel**/metals-steel	6,998	698	8,010	2,761	1.38	0.36	0.42	5.5	52.0
190	**Allied-Lyons**/bev & tobacco	6,813	554	8,988	5,171	6.91	0.76	0.76	4.6	81.4
195	**Saatchi & Saatchi**/services	6,728	133	1,750	798	5.04	0.85	0.51	6.7	16.6
206	**Hillsdown Holdings**/food, household	6,322	200	2,739	1,981	4.25	0.48	0.47	3.0	42.8
210	**Argyll Group Plc**/retailing	6,192	274	2,406	2,929	3.20	0.28	0.27	3.7	63.0
218	**Peninsular & Oriental**/shipping	6,014	390	6,985	4,056	10.31	1.03	1.03	5.2	55.7
228	**Sun Alliance & London**/insurance	5,839	449	22,062	3,397	17.22	2.28	NA	5.0	13.6[2]
231	**Thorn EMI Plc**/appliances	5,821	323	3,824[1]	3,056	10.99	1.13	1.09	4.5	64.4
232	**Lonrho Group**/multi-industry	5,789	236	5,063	2,341	4.22	0.53	0.45	7.9	129.9
236	**Commercial Union**/insurance	5,659	217	22,510	2,434	5.75	0.52	0.43	7.1	20.1
237	**Standard Chartered**/banking	5,644	378	42,867	1,902	8.12	2.05	1.51	8.8	28.0
247	**Genl Accident Fire**/insurance	5,525	379	15,518	3,178	15.43	1.92	1.54	6.1	14.8[2]
251	**Bass Plc**/bev & tobacco	5,438[4]	528	6,922	5,110	14.76	1.56	1.66	3.5	79.3
256	**BICC Plc Group**/industrial comp	5,255	159	2,754	2,041	7.87	0.69	0.69	4.3	44.7
268	**Ladbroke Group**/leisure	5,073	303	6,044	3,947	9.22	0.71	0.75	3.7	48.1
269	**Tarmac Plc**/bldg materials	5,059	435	4,157	3,677	5.10	0.61	0.60	4.1	28.9
281	**Guardian Royal Exch**/insurance	4,852	280	7,893	2,622	3.24	0.34	0.30	6.5	14.8
283	**Sears Plc**/retailing	4,821	329	3,665[1]	2,770	1.84	0.21	0.18	5.8	63.1
284	**Boots Co Plc**/retailing	4,785	360	3,769	4,176	4.51	0.41	0.36	4.3	70.0
287	**Trafalgar House Plc**/multi-industry	4,743	321	3,636	2,912	5.84	0.66	0.64	6.0	32.3
288	**Kingfisher Plc**/retailing	4,732	306	3,276	2,065	4.74	0.71	0.46	4.7	36.6
290	**Asda Group Plc**/retailing	4,702	250	2,888	3,093	2.64	0.22	0.23	3.5	48.2
294	**Berisford Intl Plc**/trading	4,688	121	2,546	1,174	2.42	0.25	0.24	5.4	9.9
297	**Courtaulds Plc**/chemicals	4,617	454	3,054	2,098	5.35	0.64	0.60	5.1	58.4
300	**Legal & General**/insurance	4,548	170	25,007	2,275	4.79	0.36	0.35	6.0	8.0
307	**Beecham Group Plc**/personal care	4,441	533	4,756[1]	7,396	9.76	0.71	0.70	3.4	35.8
309	**Assoc British Foods**/food, household	4,405	283	3,795[1]	2,483	5.56	0.64	0.59	3.5	53.9
312	**Inchcape Plc**/trading	4,368	150	2,258	1,542	4.41	0.43	NA	4.4	44.4
317	**Great Universal**/retailing	4,277	436	5,831	4,010	15.99	1.74	1.78	3.9	33.8
319	**Cadbury Schweppes**/food, household	4,243	249	2,810	3,425	5.46	0.43	0.39	3.5	28.9
322	**STC Group Plc**/elec & electron	4,199	258	2,962	3,186	5.67	0.46	0.47	3.3	33.8
325	**Pilkington Plc**/misc materials	4,128	320	3,943	2,681	3.64	0.46	0.49	5.0	57.4
344	**United Biscuits**/food, household	3,857	203	2,321	2,203	5.24	0.48	0.44	5.0	47.0
349	**Unigate Group**/food, household	3,830	111	1,422	1,364	5.93	0.49	0.50	4.6	34.9
358	**Royal Bk of Scotland**/banking	3,766	342	36,525	1,795	5.97	1.19	1.15	5.5	23.2
359	**BOC Group Plc**/chemicals	3,758	363	4,072	3,483	7.60	0.78	0.76	4.6	38.1

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The 500 largest foreign companies

United Kingdom

Rank	Company/business	Revenue	Net Income	Assets	Market value	Stock price	EPS 1988	EPS 1989E	Yield	Employees (thou)
362	**Tate & Lyle Group**/food, household	$3,701	$121	$2,949	$1,293	4.16	$0.42	$0.39	3.9%	17.0
364	**RMC Group Plc**/bldg materials	3,679	200	2,334	2,292	11.85	1.03	1.06	2.6	23.3
365	**Trusthouse Forte Plc**/leisure	3,636	313	6,611	4,098	5.21	0.39	0.40	3.4	79.8
366	**Glaxo Holdings**/personal care	3,609	1,001	4,901	15,994	21.37	1.35	1.41	2.7	26.4
370	**GKN Plc**/machinery & eng	3,540	194	2,807	1,553	6.09	0.78	0.75	5.9	37.1
372	**Rolls-Royce Plc**/aero & defense	3,515	258	3,225	2,359	2.94	0.32	0.35	4.5	40.9
381	**Guinness Plc**/bev & tobacco	3,436	579	8,622	6,806	7.70	0.69	0.64	3.1	19.8
390	**Redland Plc**/bldg materials	3,360	251	2,346	2,511	9.19	0.92	0.94	4.5	17.0
394	**Hawker Siddeley**/machinery & eng	3,328	198	2,971	2,165	10.94	1.00	1.00	4.3	42.9
398	**Coats Viyella Plc**/textile, apparel	3,304	89	2,594	1,383	2.63	0.28	NA	7.2	67.4
400	**Booker**/multi-industry	3,278	99	1,302	1,213	7.13	0.66	0.62	5.3	17.2
402	**Lex Services**/services	3,263	88	1,012	555	5.95	0.94	0.86	4.9	8.5
411	**Lucas Industries**/industrial comp	3,227	199	2,452	1,641	9.74	1.39	1.20	4.7	59.0
422	**Bunzl**/forest products	3,110	101	1,397	943	2.31	0.25	0.25	5.2	16.8
428	**George Wimpey Plc**/construction	3,082	166	2,707	1,281	4.42	0.59	0.58	4.4	17.2
430	**Harrison & Crosfield**/misc materials	3,064	157	1,931	1,473	2.72	0.30	0.27	6.0	27.3
433	**BET Plc**/multi-industry	3,041	260	2,471	3,027	4.17	0.39	0.43	5.3	97.1
443	**Ranks Hovis McDougal**[1]/food, household	2,953	184	2,735	2,458	6.99	0.55	0.54	3.4	38.2
449	**Plessey Company**/elec & electron	2,928	232	2,428	3,118	4.16	0.32	0.30	3.9	30.1
451	**Dixons Group**/retailing	2,895	105	1,603	862	2.25	0.28	0.20	4.1	18.5
453	**Smith (WH)**/retailing	2,892	80	1,270	953	4.88	0.42	0.48	4.1	30.8
461	**Whitbread**/bev & tobacco	2,842	214	3,588	2,360	5.46	0.49	0.62	4.8	49.2
464	**Burton Group**/retailing	2,813	246	2,409	1,848	3.34	0.44	0.39	5.5	35.2
471	**Cookson Group**/misc materials	2,775	205	1,986	1,862	5.13	0.57	0.56	3.2	5.0
477	**Reed International**/media	2,742	336	3,515[1]	3,380	6.14	0.62	0.58	3.6	31.2
499	**Bowater Industries**/forest products	2,608	97	1,608	908	7.59	0.82	0.82	4.2	20.3
500	**Granada Group Plc**/leisure	2,605	147	2,233	1,633	5.49	0.51	NA	4.3	19.7

European

Rank	Company/business	Revenue	Net income	Assets	Market value	Stock price	EPS 1988	EPS 1989E	Yield	Employees (thou)
Austria										
435	**Creditanstalt**/banking	$3,023	$34	$39,204	$1,481	192.62	$4.54	NA	2.1%	10.4
465	**ÖMV AG**/energy	2,812	106	3,049[1]	926	463.09	52.88	$33.49	2.5	6.4
Denmark										
492	**East Asiatic Co**/multi-industry	2,632	51	2,017	672	40.40	3.07	3.25	3.2	15.2
Finland										
207	**Kesko Group**/trading	6,246	133	3,047	1,279	17.06	1.87	1.98	2.5	7.6
259	**Oy Nokia**/multi-industry	5,216	235	5,452	1,927	32.84	3.74	NA	2.4	44.6
Norway										
118	**Norsk Hydro**/energy	9,207	579	10,097	4,682	22.80	2.82	2.78	2.3	40.0

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The 500 largest foreign companies

Far East

Rank	Company/business	Revenue	Net income	Assets	Market value	Stock price	EPS 1988	EPS 1989E	Yield	Employees (thou)
Hong Kong										
412	**Swire Pacific Ltd**/multi-industry	$3,214	$384	$6,244	$3,715	2.34	$0.24	$0.27	4.2%	24.0
Korea										
154	**Hyundai Corp**/trading	7,686	12	316	219	45.63	2.46	3.07	2.0	0.8
295	**Hyundai Motor Co**/automobiles	4,664	58	2,717	1,676	48.05	1.66	2.69	1.9	34.0
308	**Bank of Seoul**/banking	4,437	43	41,635	2,364	28.83	0.45	0.67	3.1	9.3
342	**Gold Star Co**/electronic comp	3,875	25	3,258	1,743	32.28	0.46	0.58	1.9	36.4
460	**Hyundai Eng & Const**/construction	2,848	57	3,965	1,940	48.50	1.43	0.92	1.5	53.1
New Zealand										
224	**Fletcher Challenge**/forest products	5,931	380	7,686	2,565	2.79	0.43	0.38	5.3	40.0

South America

Rank	Company/business	Revenue	Net income	Assets	Market value	Stock price	EPS 1988	EPS 1989E	Yield	Employees (thou)
Argentina										
203	**YPF-Yacimientos Pet**/energy	$6,435	NA	$12,164[3]	NA	NA	NA	NA	NA	33.8
Brazil										
8	**Banco do Brasil**/banking	55,295	$2,212[2]	80,202[2]	$476	0.58	$1.52	NA	11.9%	135.4
22	**Banco Bradesco SA**/banking	31,326	571[3]	13,868[3]	705	0.16	0.14	NA	7.9	137.9
40	**Banco Itaú Group**/banking	19,945	395[3]	8,974[3]	398	0.11	0.10	NA	6.6	84.2
46	**BANESPA Group**/banking	18,881	467[3]	9,468[3]	NA	NA	4.77	NA	NA	37.4
65	**Petrobrás**/energy	14,806	765[3]	13,535[3]	180	0.31	0.76	NA	NA	59.2
124	**Unibanco Group**/banking	8,865	102[3]	4,511[3]	74	0.18	0.12	NA	NA	25.0

Miscellaneous

Rank	Company/business	Revenue	Net income	Assets	Market value	Stock price	EPS 1988	EPS 1989E	Yield	Employees (thou)
Israel										
271	**Bank Hapoalim BM**/banking	$5,043[1]	$191[1]	$30,111[1]	$2,793	56.68	NA	NA	0.0%	7.8[2]
318	**Bank Leumi le-Israel**/banking	4,266	113	28,144	2,565	36.27	NA	NA	0.0	12.5
South Africa										
333	**So African Breweries**/bevs & tobacco	4,011	209	2,643	2,179	8.13	$0.79	$0.82	3.7	85.0
444	**Tradegro**/retailing	2,950	13	901	31	0.54	0.22	0.15	3.0	43.5

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Abitibi-Price/Canada	480	285
Accor SA/France	475	286
AEGON Insurance Group/Netherlands	276	294
AGF-Assurances Générales de France/France	191	285
Ahold/Netherlands	152	294
Air Canada/Canada	469	285
Aisin Seiki Co Ltd/Japan	355	293
Ajinomoto Co/Japan	375	293
Akzo Group/Netherlands	137	294
Alcan Aluminium Ltd/Canada	133	284
Alitalia/Italy	410	288
All Nippon Airways Co Ltd/Japan	327	292
Allianz Worldwide/Germany	56	286
Allied-Lyons Plc/UK	190	300
Alps Electric/Japan	455	294
Alusuisse/Switzerland	328	298
AMEV NV/Netherlands	315	294
Argyll Group Plc/UK	210	300
Asahi Breweries Ltd/Japan	446	293
Asahi Chemical Industry Co Ltd/Japan	189	290
Asahi Glass Co Ltd/Japan	153	290
Asda Group Plc/UK	290	300
Asea Brown Boveri Group/Switzerland	50	298
Asko Deutsche Kaufhaus AG/Germany	142	288
Associated British Foods Plc/UK	309	300
Australia & New Zealand Banking/Australia	216	283
Banco Bilbao-Vizcaya SA/Spain	187	296
Banco Bradesco SA/Brazil	22	303
Banco Central Group/Spain	101	296
Banco do Brasil/Brazil	8	303
Banco Hispano Americano Grupo/Spain	419	296
Banco Itaú Group/Brazil	40	303
Banco Santander Group/Spain	399	296
BANESPA Group/Brazil	46	303
Bank Bruxelles Lambert/Belgium	314	284
Bank Hapoalim BM/Israel	271	303
Bank Leumi le-Israel BM/Israel	318	303
Bank of Montreal/Canada	164	284
Bank of Nova Scotia/Canada	238	284
Bank of Seoul/Korea	308	303
Bank of Tokyo Ltd/Japan	98	290
Bank of Yokohama Ltd/Japan	335	293
Banque Nationale de Paris Group/France	51	285
Barclays Plc/UK	43	298
BASF Group/Germany	30	286
Bass Plc/UK	251	300
Bayer Group/Germany	34	286
Bayerische Hypotheken/Germany	248	288
Bayerische Vereinsbank Group/Germany	197	288
BCE Inc/Canada	80	284
Beecham Group Plc/UK	307	300
Bell Resources Ltd/Australia	494	283
Berisford International Plc/UK	294	300
BET Plc/UK	433	302
BICC Plc Group/UK	256	300
Bilspedition/Sweden	434	296
BMW-Bayerische Motoren Werke/Germany	69	286
BOC Group Plc/UK	359	300
Bond Corp Holdings Ltd/Australia	431	283
Booker Plc/UK	400	302
Boots Co Plc/UK	284	300
Bouygues Group/France	136	285
Bowater Industries Plc/UK	499	302
Bridgestone Corp/Japan	117	290
British Aerospace Plc/UK	99	298
British Airways Plc/UK	159	300
British Gas Plc/UK	73	298
British Petroleum Co Plc/UK	11	298
British Steel Corp/UK	183	300
British Telecommunications Plc/UK	42	298
Broken Hill Proprietary Co Ltd/Australia	174	283
BSN-Groupe/France	175	285
BTR Plc/UK	106	298
Groupe Bull/France	255	285
Bunzl Plc/UK	422	302
Burton Group/UK	464	302
B.A.T Industries Plc/UK	38	298
Cadbury Schweppes Plc/UK	319	300
Campeau Corp/Canada	173	284
Canada Packers/Canada	485	285
Canadian Imperial Bank of Commerce/Canada	166	284
Canadian Pacific Ltd/Canada	105	284
Canon Inc/Japan	131	290
Carrefour Group/France	91	285
Casino Groupe/France	222	285
CEPSA-Cia Española de Petróleos/Spain	436	296
CFAO-Cie Française de l'Afrique/France	338	286
Chargeurs SA/France	497	286
Chori Co Ltd/Japan	285	292
Chubu Electric Power/Japan	77	289
Chugoku Electric Power Co/Japan	208	290
CIBA-GEIGY Group/Switzerland	83	298
CIC-Crédit Industriel et Commercial/France	215	285
Co op AG/Germany	199	288
Coats Viyella Plc/UK	398	302
Coles Myer Ltd/Australia	113	283
Commercial Union Assurance Co Plc/UK	236	300
Commerzbank/Germany	168	288
Continental Group/Germany	304	288
Cookson Group/UK	471	302

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Company/country	Rank	Page
Cosmo Oil Co Ltd/Japan	102	290
Courtaulds Plc/UK	297	300
CRA Limited/Australia	323	283
Crédit Commercial de France Group/France	289	285
Crédit Foncier de France/France	257	285
Crédit Lyonnais Group/France	39	285
Creditanstalt Banking Group/Austria	435	302
Crownx/Canada	445	285
CS Holding/Switzerland	266	298
CSR Group/Australia	466	283
Dai-Ichi Kangyo Bank Ltd/Japan	49	289
Dai Nippon Printing Co Ltd/Japan	249	292
Daiei Inc/Japan	63	289
Daihatsu Motor Co Ltd/Japan	235	292
Daikyo/Japan	420	293
Daimaru/Japan	225	292
Daimler-Benz Group/Germany	14	286
Dainippon Ink & Chemicals/Japan	305	292
Daiwa Bank Ltd/Japan	262	292
Daiwa House Industry Co Ltd/Japan	388	293
Daiwa Securities Co Ltd/Japan	253	292
Dalgety Plc/UK	149	300
Degussa AG/Germany	150	288
Delhaize "Le Lion" Group/Belgium	234	284
Deutsche Babcock Group/Germany	440	288
Deutsche Bank Group/Germany	72	286
Deutsche Lufthansa AG/Germany	194	288
Dixons Group/UK	451	302
Docks de France/France	343	286
Dresdner Bank/Germany	121	286
NV DSM/Netherlands	264	294
Dumez Group/France	363	286
East Asiatic Company Ltd A/S/Denmark	492	302
Elders IXL Ltd/Australia	157	283
Electrolux Group/Sweden	82	296
Elf Aquitaine Group/France	37	285
Telefonaktiebolaget LM Ericsson/Sweden	265	296
Euromarché SA/France	346	286
Feldmühle Nobel Group/Germany	303	288
Ferruzzi Group/Italy	44	288
Fiat Group/Italy	18	288
Fletcher Challenge Ltd/New Zealand	224	303
Fuji Bank Ltd/Japan	57	289
Fuji Electric Co Ltd/Japan	332	292
Fuji Heavy Industries Ltd/Japan	270	292
Fuji Photo Film Co Ltd/Japan	193	290
Fujita Corp/Japan	321	292
Fujitsu Ltd/Japan	48	289
Furukawa Electric Co Ltd/Japan	299	292
GAN-Groupe des Assurances/France	260	285

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GB-Inno-BM/Belgium	352	284
General Accident Fire & Life Assurance/UK	247	300
General Electric Co Plc/UK	110	300
General Sekiyu Group/Japan	427	293
Générale Bank Group/Belgium	198	284
Générale des Eaux Groupe/France	68	285
Cie Générale d'Electricité/France	35	285
Générale Occidentale/France	441	286
Generali Group/Italy	100	288
George Weston Ltd/Canada	127	284
GKN Plc/UK	370	302
Glaxo Holdings Plc/UK	366	302
Gold Star Co Ltd/Korea	342	303
Granada Group Plc/UK	500	302
Grand Metropolitan Plc/UK	144	300
Great Universal Stores Plc/UK	317	300
Great-West Lifeco/Canada	330	284
Guardian Royal Exchange Plc/UK	281	300
Guinness Plc/UK	381	302
Hachette SA/France	458	286
Hanson Plc/UK	75	298
Hanwa Co Ltd/Japan	311	292
Harrisons & Crosfield Plc/UK	430	302
Hattori Seiko Co Ltd/Japan	463	294
HAVAS Group/France	489	286
Hawker Siddeley Group Plc/UK	394	302
Hazama-Gumi Ltd/Japan	378	293
Heineken NV/Netherlands	426	294
Henkel Group/Germany	229	288
Hillsdown Holdings Plc/UK	206	300
Hino Motors Ltd/Japan	409	293
Hitachi Chemical/Japan	456	294
Hitachi Ltd/Japan	10	289
Hochtief AG/Germany	496	288
Hoechst Group/Germany	32	286
Hoesch Group/Germany	206	288
Hokkaido Electric Power/Japan	418	293
Hokkaido Takushoku Bank Ltd/Japan	267	292
Philipp Holzmann AG/Germany	397	288
Honda Motor Co Ltd/Japan	28	289
Honshu Paper Co Ltd/Japan	438	293
Hoogovens Groep/Netherlands	336	294
Hudson's Bay Co/Canada	350	284
Hyundai Corp/Korea	154	303
Hyundai Engineering & Const/Korea	460	303
Hyundai Motor Co/Korea	295	303
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IMETAL Group/France	476	286
Imperial Chemical Industries Plc/UK	41	298

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INCO Ltd/Canada	403	284
Industrial Bank of Japan Ltd/Japan	54	289
INTERCOM/Belgium	396	284
International Thomson Organisation/Canada	360	284
Isetan Co Ltd/Japan	385	293
Ishikawajima-Harima Heavy Inds/Japan	212	290
Isuzu Motors Ltd/Japan	115	290
Ito-Yokado Co Ltd/Japan	84	289
C Itoh & Co Ltd/Japan	3	289
Itoham Foods/Japan	495	294
Itoman & Co Ltd/Japan	227	292
Iwatani & Co Ltd/Japan	462	294
Jacobs Suchard Group/Switzerland	313	298
Japan Air Lines Co Ltd/Japan	179	290
Jujo Paper Co Ltd/Japan	391	293
Jusco Co Ltd/Japan	112	290
Kajima Corp/Japan	107	290
Kandenko Co Ltd/Japan	498	294
Kanebo Ltd/Japan	341	293
Kanematsu-Gosho Ltd/Japan	26	289
Kansai Electric Power Co/Japan	60	289
Kao Corp/Japan	306	292
Karstadt Group/Germany	177	288
Kaufhof Group/Germany	233	288
Kawasaki Heavy Industries Ltd/Japan	280	292
Kawasaki Kisen (Steam)/Japan	493	294
Kawasaki Steel Corp/Japan	167	290
Kawashu Corp/Japan	93	289
Kesko Group/Finland	207	302
Kingfisher Plc/UK	288	300
Kinki Nippon Railway Co Ltd/Japan	293	292
Kirin Brewery Co Ltd/Japan	245	292
KLM Royal Dutch Airlines/Netherlands	442	294
Kobe Steel Ltd/Japan	156	290
Komatsu Ltd/Japan	211	290
Konica/Japan	392	293
Kredietbank NV/Belgium	369	284
Kubota Ltd/Japan	239	292
Kumagai Gumi Co Ltd/Japan	178	290
Kyocera Corp/Japan	490	294
Kyowa Bank Ltd/Japan	226	292
Kyushu Electric Power/Japan	161	290
L'Aire Liquide Group/France	316	286
L'Oréal Group/France	326	286
Ladbroke Group Plc/UK	268	300
Lafarge Coppée/France	351	286
Legal & General Group/UK	300	300
Lex Services/UK	402	302
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Long-Term Credit Bank of Japan Ltd/Japan	92	289
Lonrho Group/UK	232	300
Lucas Industries Plc/UK	411	302
LVMH Moët Hennessy Louis Vuitton/France	473	286
Lyonnaise des Eaux Group/France	417	286
M A N Group/Germany	130	288
Maeda Corp/Japan	439	293
Mannesmann Group/Germany	86	286
Marks & Spencer Plc/UK	120	300
Marubeni Corp/Japan	5	289
Marui/Japan	395	293
MATRA Group/France	408	286
Matsushita Electric Industrial Co/Japan	13	289
Matsushita Electric Works/Japan	213	290
Matsuzakaya Co Ltd/Japan	337	293
Mazda Motor Corp/Japan	62	289
Meiji Milk Products Co Ltd/Japan	468	294
Metallgesellschaft AG/Germany	128	288
Michelin Group/France	129	285
Midland Group/UK	89	298
Mitsubishi Bank Ltd/Japan	58	289
Mitsubishi Corp/Japan	4	289
Mitsubishi Electric Corp/Japan	36	289
Mitsubishi Heavy Industries Ltd/Japan	66	289
Mitsubishi Kasei Corp/Japan	170	290
Mitsubishi Metal Corp/Japan	241	292
Mitsubishi Motors Corp/Japan	67	289
Mitsubishi Oil Co Ltd/Japan	273	292
Mitsubishi Petrochemical Co Ltd/Japan	429	293
Mitsubishi Trust & Banking Corp/Japan	139	290
Mitsui Bank Ltd/Japan	85	289
Mitsui OSK Lines Ltd/Japan	415	293
Mitsui Real Estate Development Co Ltd/Japan	250	292
Mitsui Toatsu Chemicals/Japan	416	293
Mitsui Trust & Banking Co Ltd/Japan	147	290
Mitsui & Co Ltd/Japan	1	289
Mitsukoshi Ltd/Japan	214	292
Münchener Rückversicherungs/Germany	184	288
Nagasakiya Co Ltd/Japan	424	293
Nagase & Co Ltd/Japan	384	293
Nagoya Railroad Co Ltd/Japan	488	294
National Australia Bank Group/Australia	243	283
National Westminster Bank Plc/UK	45	298
Nationale-Nederlanden/Netherlands	109	294
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Nippon Express Co Ltd/Japan	111	290
Nippon Light Metal Co Ltd/Japan	406	293
Nippon Meat Packers/Japan	353	293
Nippon Mining Co Ltd/Japan	230	292
Nippon Oil Co Ltd/Japan	78	289
Nippon Steel Corp/Japan	52	289
Nippon Suisan Kaisha Ltd/Japan	347	293
Nippon Telegraph & Telephone Corp/Japan	12	289
Nippon Yusen KK/Japan	296	292
Nippondenso Co Ltd/Japan	119	290
Nissan Fire & Marine Insurance Co Ltd/Japan	220	292
Nissan Motor Co Ltd/Japan	15	289
Nissan Shatai Co Ltd/Japan	459	294
Nisshin Steel Co Ltd/Japan	479	294
Nissho Iwai Corp/Japan	6	289
Nixdorf Computer AG/Germany	432	288
NKK Corp/Japan	141	290
Nobel Industrier AB/Sweden	377	296
Oy Nokia/Finland	259	302
Nomura Securities Co Ltd/Japan	165	290
Noranda/Canada	176	284
Norsk Hydro a s/Norway	118	302
Nova Corp of Alberta/Canada	413	285
OCP-Office Comm Pharmaceutique/France	371	286
Oerlikon-Bührle Group/Switzerland	452	298
Ohbayashi Corp/Japan	219	292
Oji Paper Co Ltd/Japan	334	293
Oki Electric Industry Co Ltd/Japan	405	293
Olivetti Group/Italy	200	288
OMV AG/Austria	465	302
Onoda Cement Co Ltd/Japan	491	294
Osaka Gas Co Ltd/Japan	324	292
Oshawa Group Ltd/Canada	376	284
Pacific Dunlop Ltd/Australia	486	283
Paribas Group/France	79	285
Pechiney Group/France	132	285
Peninsular & Oriental Steam Navigation/UK	218	300
Petrobrás-Petróleo Brasileiro SA/Brazil	65	303
Petrofina SA/Belgium	74	284
Peugeot Groupe SA/France	33	285
Philips Group/Netherlands	25	294
Pilkington Plc/UK	325	300
Pioneer Electronic Corp/Japan	425	293
Pirelli SpA/Italy	181	288
PKbanken Group/Sweden	354	296
Plessey Company Plc/UK	449	302
Preussag Group/Germany	202	288
Groupe Printemps/France	320	286
Procordia Group/Sweden	447	296
Promodès Group/France	151	285
Provigo Inc/Canada	217	284
Prudential Corp Plc/UK	87	298
Ranks Hovis McDougall Plc/UK	443	302
Redland Plc/UK	390	302
Reed International Plc/UK	477	302
Repsol SA/Spain	146	296
Rhône-Poulenc Group/France	90	285
Ricoh Co Ltd/Japan	279	292
RMC Group Plc/UK	364	302
Roche/Sapac Group/Switzerland	223	298
Rolls-Royce Plc/UK	372	302
Royal Bank of Canada/Canada	135	284
Royal Bank of Scotland Group Plc/UK	358	300
Royal Dutch/Shell Group/Netherlands	7	294
Royal Insurance Holdings/UK	148	300
RTZ Corporation Plc/UK	123	300
RWE Group/Germany	61	286
Saab-Scania Group/Sweden	186	296
Saatchi & Saatchi Plc/UK	195	300
SAE-Société Auxiliaire d'Entreprises/France	423	286
J Sainsbury Plc/UK	97	298
Saint-Gobain Group/France	103	285
Saitama Bank Ltd/Japan	209	290
Sandoz Group/Switzerland	185	298
Sandvik AB/Sweden	481	296
Sankyo Co/Japan	454	293
Sanwa Bank Ltd/Japan	64	289
Sanyo Electric Co Ltd/Japan	108	290
Sanyo-Kokusaku Pulp Co/Japan	450	293
Sato Kogyo Co Ltd/Japan	478	294
Schering Group/Germany	437	288
Schlumberger Ltd/Netherlands Antilles	277	294
Schneider SA/France	192	285
Seagram Co Ltd/Canada	338	284
Sears Plc/UK	283	300
Seibu Railway Co Ltd/Japan	483	294
Seiyu Ltd/Japan	140	290
Sekisui Chemical Ltd/Japan	348	293
Sekisui House Ltd/Japan	221	292
Sharp Corp/Japan	126	290
Shikoku Electric Power Co/Japan	467	294
Shimizu Construction Co Ltd/Japan	143	290
Shinsho Corp/Japan	393	293
Shiseido Co Ltd/Japan	421	293
Showa Denko KK/Japan	275	292
Showa Shell Sekiyu/Japan	104	290
Siemens Group/Germany	17	286
Skandinaviska Enskilda Bank Group/Sweden	274	296
Skanska AB/Sweden	357	296

Where to find the Forbes foreign 500

Company/country	Rank	Page
SKF Group/Sweden	379	296
SME Soc Meridionale Finanziaria/Italy	457	288
Smith (WH) Group/UK	453	302
Snow Brand Milk Products Co Ltd/Japan	204	290
Société Générale Group/France	71	285
Solvay Group/Belgium	188	284
Sony Corp/Japan	55	289
South African Breweries Ltd/South Africa	333	303
Standard Chartered Group/UK	237	300
STC Group Plc/UK	322	300
Steinberg Inc/Canada	367	284
STET Group/Italy	73	288
Stora Group/Sweden	242	296
Suez Group/France	134	285
Sulzer Group/Switzerland	361	298
Sumitomo Bank Ltd/Japan	47	289
Sumitomo Chemical Co Ltd/Japan	182	290
Sumitomo Corp/Japan	2	289
Sumitomo Electric Industries Ltd/Japan	246	292
Sumitomo Metal Industries Ltd/Japan	155	290
Sumitomo Metal Mining Co Ltd/Japan	374	293
Sumitomo Rubber Industries Ltd/Japan	380	293
Sumitomo Trust & Banking Co Ltd/Japan	95	290
Sun Alliance & London Insurance Plc/UK	228	300
Suzuki Motor Co Ltd/Japan	201	290
SCA-Svenska Cellulosa AB/Sweden	382	296
Svenska Handelsbanken/Sweden	356	296
Swire Pacific Ltd/Hong Kong	412	303
Swiss Bank Corp/Switzerland	180	298
Swiss Re Group/Switzerland	171	298
Swissair/Switzerland	448	298
Tabacalera/Spain	368	296
Taisei Corp/Japan	122	290
Taisho Marine & Fire Insurance Co Ltd/Japan	474	294
Taiyo Fishery Co Ltd/Japan	163	290
Taiyo Kobe Bank Ltd/Japan	114	290
Takashimaya Co Ltd/Japan	205	290
Takeda Chemical Industries Ltd/Japan	298	292
Tarmac Plc/UK	269	300
Tate & Lyle Group/UK	362	302
TDK/Japan	407	293
Teijin Ltd/Japan	340	293
Telefónica/Spain	258	296
Tesco Plc/UK	138	300
Thomson CSF/France	244	285
Thorn EMI Plc/UK	231	300
Thyssen Group/Germany	53	286
TNT Ltd/Australia	482	283
Toda Construction Co Ltd/Japan	383	293
Tohoku Electric Power Co/Japan	160	290
Tokai Bank Ltd/Japan	88	289
Tokio Marine & Fire Insurance Co Ltd/Japan	240	292
Tokyo Electric Power Co/Japan	23	289
Tokyo Gas Co Ltd/Japan	261	292
Tokyu Department Stores/Japan	404	293
Tonen Corp/Japan	302	292
Toppan Printing Co Ltd/Japan	263	292
Toray Industries/Japan	254	292
Toronto-Dominion Bank/Canada	292	284
Toshiba Corp/Japan	24	289
Toshoku Ltd/Japan	272	292
TOTAL Group-Française des Pétroles/France	70	285
Toyo Menka Kaisha Ltd/Japan	16	289
Toyo Sash Co Ltd/Japan	470	294
Toyo Seikan Kaisha Ltd/Japan	301	292
Toyo Trust & Banking Co Ltd/Japan	331	292
Toyobo Co Ltd/Japan	389	293
Toyota Automatic Loom Works Ltd/Japan	484	294
Toyota Motor Corp/Japan	9	289
Toyota Tsusho Corp/Japan	94	290
Tradegro Ltd/South Africa	444	303
Trafalgar House Plc/UK	287	300
TransCanada PipeLines Ltd/Canada	487	285
Trelleborg AB /Sweden	373	296
Trusthouse Forte Plc/UK	365	302
UAP-Union des Assurances de Paris/France	116	285
Ube Industries Ltd/Japan	345	293
Unibanco Group/Brazil	124	303
Unigate Group/UK	349	300
Unilever/Netherlands	21	294
Union Bank of Switzerland/Switzerland	162	298
United Biscuits (Holdings) Plc/UK	344	300
Uny Co Ltd/Japan	291	292
Valeo Group/France	472	286
VEBA Group/Germany	29	286
VEW-Vereinigte Elektrizitätswerke/Germany	401	288
VIAG Group/Germany	252	288
Volkswagen Group/Germany	19	286
Volvo Group/Sweden	59	296
Westpac Banking Group/Australia	172	283
Whitbread & Co Plc/UK	461	302
George Wimpey Plc/UK	428	302
Winterthur Group/Switzerland	158	298
YPF-Yacimientos Petroliferos/Argentina	203	303
Yamaha Corp/Japan	387	293
Yamaha Motor Co Ltd/Japan	329	
Yamazaki Baking Co Ltd/Japan	414	293
Yasuda Fire & Marine Insurance Co Ltd/Japan	282	292
Yasuda Trust & Banking Co Ltd/Japan	196	290
Zurich Insurance Group/Switzerland	96	298

The 100 Largest Foreign Investments In The U.S.

Foreign capital again flooded into the U.S. in record amounts. U.S. Commerce Department figures show that in 1988, foreigners spent $219 billion on American assets. This exceeds 1987's revised figure by $8 billion. Of the total, $161 billion was invested in financial assets such as bank deposits and U.S. government securities, including U.S. Treasurys.

Total direct investment by foreigners in U.S. property, plant, equipment and services advanced to a record $58 billion.

With the exception of two companies—Glaxo Holdings and Sobey Parties—the seven companies that earned their way onto the list below made it through acquisitions. Maxwell Communications spent $3.4 billion to take over publisher Macmillan and the Official Airline Guides; the Bank of Tokyo acquired Union Bank; Bank of Montreal acquired Harris Bankcorp; and IFINT of Luxembourg now holds 29% of the spunoff automotive seating division of Lear Siegler. Smaller acquisitions were made by the Otto family through its U.S. subsidiary, Spiegel.

But the biggest acquisitions were made by foreign giants that were already on this list. Among the biggest deals: B.A.T Industries spent $5 billion for Farmers Group, and Rupert Murdoch's News Corp. paid $3 billion for Triangle Publications. Grand Metropolitan Plc.'s recent purchase of Minnesota-based Pillsbury propelled the British conglomerate into sixth place on the list below.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue (mil)	Net income (mil)	Assets (mil)
1	**Seagram Co Ltd***	Canada	EI du Pont de Nemours*	23%	chemicals, energy	$32,657	$2,190.0	$30,719
			Joseph E Seagram & Sons	100	alcoholic beverages	2,540	495.6	7,946
			Tropicana Products	100	beverages	741	NA	NA
						35,938		
2	**Royal Dutch/Shell Group***	Netherlands/UK	Shell Oil	100	energy, chemicals	21,070	1,204.0	27,169
3	**British Petroleum Plc***	UK	BP America	100	energy	14,378	NA	22,452
4	**B.A.T Industries Plc***	UK	BATUS	100	multicompany	6,251	535.3	3,788
			Farmers Group	100	insurance	1,191	292.8	7,704
	Imasco Ltd*	Canada	Peoples Drug Stores	100	drugstores	1,498	NA	NA
			Imasco USA	100	fast food	1,431	NA	NA
						10,371		
5	**Tengelmann Group**	Germany	Great A&P Tea*	53	supermarkets	10,068	127.6	2,640
6	**Grand Metropolitan Plc***	UK	Pillsbury	100	food processors	6,191	69.3	3,840
			Grand Metropolitan USA	100	beverages, retailing	2,700	NA	NA
						8,891		
7	**Campeau**	Canada	Federated Dept Stores	100	retailing	6,220	NA	10,784
			Allied Stores	100	retailing			
			Ralphs Grocery	100	supermarkets	1,842	NA	1,112
						8,062		
8	**Nestlé SA***	Switzerland	Nestlé Enterprises	100	food processing	6,089	NA	4,863
			Alcon Laboratories	100	optical products	500E	NA	NA
						6,589		
9	**Hanson Plc***	UK	Hanson Industries	100	multicompany	6,030	300.3	5,772
10	**Pechiney**	France	American National Can	100	packaging	4,320	NA	3,120
			Pechiney	100	metal castings	1,398	NA	1,228
						5,718		
11	**Petróleos de Venezuela, SA**	Venezuela	Citgo Petroleum	50	refining, marketing	4,110	165.6	1,343
			Champlin Refining	100	refining, marketing	1,600E	NA	550E
						5,710		
12	**Unilever NV***	Netherlands	Unilever United States	100	food processing	5,688	133.2	6,449
	Unilever Plc*	UK						

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The 100 largest foreign investments in the U.S.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue (mil)	Net income (mil)	Assets (mil)
13	**Hoechst AG***	Germany	Hoechst Celanese	100%	chemicals	$5,679	$250.0	$5,703
14	**NV Philips***	Netherlands	North American Philips	100	electronics	5,424	79.1	3,423
15	**BASF AG***	Germany	BASF	100	chemicals	5,000	149.2	2,956
16	**Bayer AG***	Germany	Mobay	100	chemicals	2,017	113.4	1,493
			Miles	100	health care	1,706	62.8	1,229
			Agfa	100	photography	818	–20.0	759
			Other companies	100	chemicals	178	31.8	147
						4,719		
17	**Groupe Bruxelles Lambert**	Belgium	Drexel Burnham Lambert	26	finance	4,660	–129.9	27,740
18	**Brascan Ltd***	Canada						
	Noranda	Canada	Noranda US	100	minerals, forest prods	2,993	NA	1,944
	John Labatt Ltd	Canada	Johanna Farms	100	dairy, juice products	1,504	NA	713
			other companies	100	package foods,brewing			
						4,497		
19	**Honda Motor Co Ltd***	Japan	Honda of America Mfg	100	automotive	4,400E	NA	NA
20	**BCE***	Canada	BCE Development* (US)	67	real estate	354	NA	1,840
	Northern Telecom Ltd*	Canada	Northern Telecom	100	telecommunications	3,480	NA	2,744
	Trans Canada Pipeline*	Canada	Great Lakes Gas Trans	50	gas transmission	280	32.3	313
			Northern Border Pipeline	30	gas transmission	210	57.5	1,050
						4,324		
21	**Ferruzzi Group**	Italy	Central Soya	100	food processor	2,197	11.4	886
	Montedison Group*	Italy	Himont*	81	chemicals	1,711	372.9	1,905
			Erbamont	71	pharmaceuticals	211	NA	580
			[illegible]nserv	100	agro-industry	92	7.3	46
			[illegible]mont USA	88	chemicals	91	NA	NA
						4,302		
22	**Bridgestone***	Japan	Firestone Tire & Rubber	100	tire & rubber	3,500E	NA	NA
			Bridgestone USA	100	tire & rubber	584	NA	NA
						4,084		
23	**Imperial Chemical Industries Plc***	UK	ICI Americas	100	chemicals, drugs, paint	4,000	NA	NA
24	**Sony Corp***	Japan	CBS Records	100	records	2,577	NA	NA
			Sony (US)	100	consumer electronics	1,300E	NA	NA
						3,877		
25	**Delhaize "Le Lion" SA**	Belgium	Food Lion*	44	supermarkets	3,815	112.5	1,088
26	**Fujitsu Ltd***	Japan	Amdahl*	44	electronics	1,802	213.8	1,931
			Fujitsu America	100	electronics	1,416	NA	NA
			Fujitsu Microelectronics	100	electronics	570	20.5	400
						3,788		
27	**Anglo Amer of S Africa***	South Africa	Engelhard*	30	metals	2,351	63.7	1,413
	Minorco*	Luxembourg	Inspiration Resources*	56	agricultural, mining	1,366	42.0	842
	Charter Consol*	UK	Natl Mine Service*	51	mining equipment	62	3.1	29
						3,779		
28	**CS Holding**							
	CS First Boston	Switzerland	First Boston	100	investment banking	3,654	132.4	44,560
29	**Zurich Insurance Group**	Switzerland	Maryland Casualty	100	insurance	1,938	22.0	3,535
			Zurich American Ins	100	insurance	1,079	84.6	2,478
			Universal Underwriters	100	insurance	600	55.0	900
						3,617		
30	**Electrolux AB***	Sweden	White Consolidated	100	appliances	3,600	NA	2,800
31	**Vendex International**	Netherlands	Dillard Dept Stores*	43	retailing	2,558	113.8	2,068
			Barnes & Noble	30	retailing	1,000	NA	NA
			Dalton	50	retailing			
						3,558		

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The 100 largest foreign investments in the U.S.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue (mil)	Net income (mil)	Assets (mil)
32	**Ahold NV***	Netherlands	First National Supermkts	85%	supermarkets	$1,547	NA	$375
			BI-LO	100	supermarkets	1,270	NA	390
			Giant Food Stores	100	supermarkets	697	NA	140
						3,514		
33	**Siemens AG***	Germany	Siemens Corp	100	electronics	3,100	$–218.9	3,115
			Siemens-Bendix Auto	100	electronics	264	NA	NA
						3,364		
34	**CIBA-GEIGY Ltd**	Switzerland	CIBA-GEIGY	100	chemicals, drugs	3,202	NA	3,120
35	**Franz Haniel & Cie**	Germany	Scrivner	100	food distribution	3,200	NA	NA
36	**RTZ Plc***	UK	US Borax & Chemical	100	mining, borax			
			US Silica	100	sand, clays	2,095	190.1	1,105
			Interchem	100	chemicals			
	Rio Algom Ltd	Canada	Rio Algom Inc	100	metals, mining	478	NA	NA
	RTZ Pillar Ltd	UK	Indal US	100	building products	463	NA	310
						3,036		
37	**Jefferson Smurfit Group Plc**	Ireland	Jefferson Smurfit*	77	paper, packaging	1,255	144.5	817
	Smurfit International BV	Netherlands	Container Corp of Am	50	paper products	1,731	NA	1,303
						2,986		
38	**Alcan Aluminium**	Canada	Alcan Aluminum	100	aluminum	2,967	101.0	1,448
39	**Hongkong & Shanghai Banking Corp***	Hong Kong	Marine Midland Banks	100	banking	2,849	115.4	25,964
40	**NKK Corp***	Japan	National Steel	50	steel	2,599	65.6	1,791
			Int'l Light Metals	40	aluminum, titanium	127	6.0	162
						2,726		
41	**BTR Plc***	UK	BTR Dunlop	100	energy, construction	2,000E	NA	NA
			Rockwell Control Div	100	consumer products	380	NA	NA
			Schlegel Corp	100	auto parts	300	NA	NA
						2,680		
42	**Thomson SA**	France	Thomson Consumer Elec	100	consumer electronics	2,679	–69.0	2,652
43	**Petrofina SA**	Belgium	American Petrofina*	86	energy	2,635	132.9	2,356
44	**Manufacturers Life Insurance**	Canada	Manufacturers Life Ins US	100	insurance	2,600E	NA	NA
45	**News Corp Ltd***	Australia	News America	100	media	1,852	NA	4,127
			Triangle Publications	100	publishing	700E	NA	NA
						2,552		
46	**Royal Insurance Holdings Plc**	UK	Royal USA	100	insurance	2,522	–66.2	4,760
47	**Dalgety Plc**	UK	Martin-Brower	100	food distribution	2,477	NA	NA
			Modern Maid Food	100	food products			
48	**Prudential Corp Plc***	UK	Jackson National Life	100	insurance	2,443	49.1	5,624
49	**George Weston Ltd***	Canada	Stroehmann Bakeries	100	bakery			
			Interbake Foods	100	bakery	528	NA	235
			Eddy Paper	100	paper products			
	Loblaw Cos*	Canada	National Tea	100	supermarkets	1,839	NA	480E
						2,367		
50	**Power Corp of Canada**	Canada						
	Great-West Lifeco	Canada	Great-West Life Assur	97	insurance	2,329	NA	8,459
51	**Henkel KGaA**	Germany	Clorox*	27	household products	1,260	132.6	1,156
			Henkel of America	100	chemicals	650	NA	NA
			Loctite	25	chemicals	417	41.9	347
						2,327		
52	**Compagnies des Machines Bull***	France	Bull HN Information Sys	69	information systems	2,206	0.5	1,618

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The 100 largest foreign investments in the U.S.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue (mil)	Net income (mil)	Assets (mil)
53	**Edmund J Safra**	Switzerland						
	Saban SA	Switzerland	Republic NY*	33%	banking	$2,105	$169.7	$24,519
54	**Régie Nationale des Usines Renault**	France	Mack Trucks*	45	automotive	2,102	24.9	1,684
55	**Maxwell Communications**	UK	Macmillan	100	publishing	1,041	NA	3,360
			Maxwell Comm NA	100	publishing, printing	865	NA	1,314
			Official Airline Guides	100	publishing	135	NA	38
						2,041		
56	**Carrefour**	France	Costco Wholesale*	22	retailing	2,030	11.6	452
57	**Bank of Tokyo Ltd***	Japan	Union Bank	75	banking	1,489	83.0	15,010
			Bank of Tokyo Trust	100	banking	535	37.2	6,946
						2,024		
58	**Daimler-Benz AG**	Germany	Freightliner	100	automotive	1,709	NA	NA
	AEG AG*	Germany	AEG	100	elec equip, electronics	310	NA	NA
			Other companies	100	elec equip, computers			
						2,019		
59	**Bertelsmann AG**	Germany	Bertelsmann USA	100	printing, publishing	2,000E	NA	NA
60	**Total CFP**	France	Total Minatome	100	oil & gas	142	NA	933
	Total Petrol NA Ltd*	Canada	Total Petroleum	100	energy	1,789	68.6	802
						1,931		
61	**Canadian Pacific Ltd***	Canada	Soo Line*	56	railroad	570	15.6	905
			Canadian Pacific US	100	transportation, steel	360E	NA	NA
	AMCA Int'l Ltd*	Canada	AMCA US	100	industrial machinery	963	NA	NA
						1,893		
62	**Dainippon Ink & Chemicals†**	Japan	Sun Chemical	100	printing, chemicals	800E	NA	NA
			Reichhold Chemicals	100	chemicals	774	NA	NA
			Polychrome	100	printing	277	8.1	256
						1,851		
63	**AEGON NV***	Netherlands	AEGON USA	100	insurance	1,803	NA	6,312
64	**Crownx**	Canada	Crown Life Insurance	94	insurance	1,454	NA	4,184
			Extendicare Group	100	health care	330	NA	NA
						1,784		
65	**Sandoz Ltd**	Switzerland	Sandoz United States	100	chemicals, drugs	1,757	NA	NA
66	**Roche/Sapac**	Switzerland	Hoffmann-La Roche	100	drugs, chemicals	1,750	NA	NA
67	**National Westminster Bank Plc***	UK	Nat Westminster Bancorp	100	banking	1,747	97.9	19,013
68	**General Accident Fire & Life Plc**	Scotland	Gen Accident Corp of Am	100	insurance	1,668	30.3	4,167
69	**Nationale-Nederlanden NV**	Netherlands	Nationale-Nederlanden US	100	insurance	1,638	63.1	4,474
69	**SNECMA**	France	CFM International	50	aviation	1,638	3.7	778
71	**Beazer Plc***	UK	Beazer Materials & Svc	100	const materials, chem	1,000E	NA	NA
			Gifford-Hill & Co	100	const materials			
			Beazer Properties	100	real estate	618	NA	NA
			Tidewater Construction	100	construction			
						1,618		
72	**Nissan Motor Co Ltd***	Japan	Nissan Motor Mfg USA	100	automotive	1,600	NA	NA
72	**Bond Corp Holdings**	Australia	G Heileman Brewing	100	alcoholic beverages	1,600E	NA	1,555
74	**Moore Corp Ltd***	Canada	Moore Business Forms	100	business forms	1,583	93.6	953
75	**IFINT SA**	Luxembourg	Lear Siegler Seating	29	auto parts	900	NA	NA
			Moog Automotive	100	auto parts	416	NA	NA
			CR Industries	100	auto parts	250	NA	NA
						1,566		

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Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue (mil)	Net income (mil)	Assets (mil)
76	**TBG Holding NV**	Netherlands	TBG USA	100	pumps, information sys	$1,000E	NA	NA
			Ball-InCon Glass	50	containers, packaging	524	NA	360
						1,524		
77	**NV AMEV**	Netherlands	AMEV Holdings	100	insurance	1,495	$22.6	$2,562
78	**Volvo AB***	Sweden	Volvo GM Heavy Truck	76	automotive	1,176	NA	NA
			VME Americas	50	automotive	301	NA	NA
						1,477		
79	**Akzo NV***	Netherlands	Akzo America Inc	100	multicompany	1,445	–14.6	1,571
80	**Thyssen AG***	Germany	Budd	100	auto parts	1,419	NA	NA
81	**BOC Group Plc***	UK	BOC Group	100	gases & health care	1,412	68.0	1,754
82	**Otto Family**	Germany	Spiegel*	87	catalog retailing	1,402	57.0	1,207
83	**Continental AG**	Germany	General Tire	100	tire	1,400	NA	NA
83	**Kuwait Petroleum**	Kuwait	Santa Fe Intl (KPC)	100	energy	1,400E	NA	NA
83	**Rhône-Poulenc Group**	France	Rhône-Poulenc	100	chemicals	1,400	NA	1,750
86	**Schlumberger NV***	Neth Antilles	Schlumberger Technology	100	oilfield svs, electron	1,346	NA	NA
87	**Elf Aquitaine Group**	France	Elf Aquitaine, Inc	100	oil & gas, chemicals	1,340	NA	3,138
88	**Glaxo Holdings Plc***	UK	Glaxo Inc	100	ethical pharmaceuticals	1,316	NA	NA
89	**Commercial Union Assurance Plc**	UK	Commercial Union	100	insurance	1,309	37.2	2,280
90	**Pakhoed Holding**	Netherlands	Univar*	35	chemicals	1,308	20.0	431
91	**Olympia & York Developments Ltd**	Canada	Landmark Land*	25	real estate	482	13.2	3,696
	Trizec	Canada	Rouse*	23	property dev, banking	461	20.0	2,080
	Abitibi-Price*	Canada	Abitibi-Price* (US)	100	bldg products, newsprint	364	NA	325
						1,307		
92	**General Electric Plc***	UK	Picker International	100	medical equipment			
			AB Dick	100	office equipment	1,291	NA	NA
			other companies	100	elec system & component			
93	**United Biscuits (Holdings) Plc**	UK	Keebler	100	food processing	1,283	53.7	557
94	**Saint-Gobain**	France	CertainTeed	100	building supplies	1,267	45.9	1,108
95	**Sobey Parties**	Canada	Hannaford Brothers*	25	food distribution	1,262	28.9	387
96	**J Sainsbury Plc***	UK	Shaw's Supermarkets	100	supermarkets	1,231	NA	NA
97	**Toyota Motor Corp***	Japan	New United Motor Mfg	50	automotive	1,000E	NA	NA
			Toyota Motor Mfg	100	automotive	200E	NA	NA
						1,200		
98	**Bank of Montreal**	Canada	Harris Bankcorp	100	banking	1,125	90.1	11,276
99	**Tate & Lyle Plc**	UK	A E Staley Manufacturing	90	food distr, processors			
			Pacific Molasses	100	molasses, animal feeds	1,114	33.8	NA
			Western Sugar	75	sugar refining			
			Other companies	100	sugar processing			
100	**Beecham Group Plc***	UK	Beecham	100	drugs, consumer prods			
			Beecham Cosmetics	100	cosmetics, fragrances	1,106	NA	NA
			Beecham Products	100	consumer products			
			Norcliff Thayer	100	drugs			

*Publicly traded in the U.S. in shares or ADRs. E Estimate. NA Not available. Note: Some foreign investors on the list own U.S. companies indirectly through companies in italics.

The 100 Largest U.S. Multinationals

There has been much wringing of hands lately because the U.S., once a net creditor in the world economy, is now in a position where our foreign liabilities exceed our foreign assets. But the worry rings hollow. Many of the assets—the foreign investments of U.S. multinational companies—have been made over the years and are carried at very low historical cost. But most of the liabilities are newer, and therefore are priced closer to current values. If one side of the balance sheet is, in essence, at current values, shouldn't one write up the other side, too?

The list below of America's 100 largest multinationals is a good reminder of how extensive U.S. overseas investments are. These companies' foreign operations booked sales of $506 billion last year. The figure represents a 15% increase over 1987.

Unless protectionism catches hold, foreign sales should continue to increase. For example, the free trade pact with Canada—our largest trading partner by far—will go a long way toward boosting two-way trade and also increase direct investment by U.S. multinationals north of the border. The multinationals' Canadian divisions, like Canadian companies, want to be able to sell their output freely to the U.S. market. Deborah Kuenstner, an international investing strategist with Merrill Lynch, predicts that future foreign investments will emphasize acquisitions and improving distribution networks over new bricks and mortar.

Despite a 16% drop in foreign revenues (to $48 billion), Exxon Corp. remains America's largest multinational. General Motors (with $29 billion in foreign sales) dropped from fourth place to fifth, while Ford Motor climbed from fifth place to second, another reflection of its dazzling turnaround. Corporate giants like Boeing do not appear: They are high-volume exporters. But we include here only sales booked abroad by a company's overseas operations.

1988 rank	Company	Foreign revenue (mil)	Total revenue (mil)	Foreign revenue as % of total	Foreign net profit[1] (mil)	Total net profit[1] (mil)	Foreign net profit as % of total[1]	Foreign assets (mil)	Total assets (mil)	Foreign assets as % of total
1	Exxon	$48,192	$67,292	71.6%	$3,910	$5,360	72.9%	$30,740	$74,293	41.4%
2	Ford Motor	41,842	92,446	45.3	2,285	5,300	43.1	35,912	143,367	25.0
3	IBM	34,361	59,681	57.6	4,071	5,491	74.1	35,293	73,037	48.3
4	Mobil	33,039[2]	49,237[2]	67.1	1,517[3]	2,514[3]	60.3	19,424	38,820	50.0
5	General Motors	29,128	120,388	24.2	3,070	4,856	63.2	34,424	163,820	21.0
6	Citicorp	16,451	32,024	51.4	977	1,698	57.5	87,723[4]	207,106[4]	42.4
7	Texaco	16,325	33,544	48.7	1,336	1,304	102.5	8,358	26,337	31.7
8	El du Pont de Nemours	12,896[5]	32,917[5]	39.2	847[6]	2,454[6]	34.5	9,019	30,719	29.4
9	ITT[7]	10,419	24,239	43.0	618[3]	1,533[3]	40.3	7,983	41,941	19.0
10	Dow Chemical	9,185	16,682	55.1	1,189	2,410	49.3	8,682	16,239	53.5
11	Procter & Gamble	7,294	19,336	37.7	241	1,020	23.6	4,751	14,820	32.1
12	Eastman Kodak	7,010	17,034	41.2	639	1,397	45.7	6,201	22,964	27.0
13	Chase Manhattan	6,080	12,365	49.2	339	1,059	32.0	31,880	97,455	32.7
14	Xerox	5,739	16,441	34.9	211	388	54.4	6,735	26,441	25.5
15	Digital Equipment	5,665	11,475	49.4	1,160[3]	1,741[3]	66.6	4,388	10,112	43.4
16	United Technologies	5,279	18,518	28.5	249[8]	705[8]	35.3	3,776	12,748	29.6
17	Chevron	5,264	25,196	20.9	898	1,768	50.8	6,688	33,968	19.7
18	Philip Morris	5,258	25,920	20.3	226	2,064	10.9	7,458	36,960	20.2
19	Hewlett-Packard	5,068	9,831	51.6	315	816	38.6	2,984	7,497	39.8
20	American Intl Group	4,979[9]	13,613	36.6	631[3]	1,425[3]	44.3	13,932[9]	37,409	37.2

[1]From continuing operations. [2]Includes other income. [3]Operating profit. [4]Average assets. [5]Includes excise taxes. [6]Operating income after taxes. [7]Includes proportionate interest in unconsolidated subsidiaries and affiliates. [8]Net income before minority interest. [9]Excludes Canadian operations. [10]Net income before corporate expense. [11]Pretax income. D-P: Deficit over profit. P-D: Profit over deficit. NA: Not available.

The 100 largest U.S. multinationals

1988 rank	Company	Foreign revenue (mil)	Total revenue (mil)	Foreign revenue as % of total	Foreign net profit[1] (mil)	Total net profit[1] (mil)	Foreign net profit as % of total[1]	Foreign assets (mil)	Total assets (mil)	Foreign assets as % of total
21	Amoco	$4,853[2]	$21,517[2]	22.6%	$367	$2,063	17.8%	$10,248	$29,919	34.3%
22	Goodyear	4,733	10,810	43.8	143	350	40.9	3,067	8,618	35.6
23	Coca-Cola	4,617	8,338	55.4	692	1,045	66.2	2,150	7,451	28.9
24	General Electric	4,599[2]	50,089[2]	9.2	1,009[3]	5,950[4]	17.0	8,641	110,865	7.8
25	Unisys	4,534	9,902	45.8	185	681	27.2	3,408	11,535	29.5
26	Johnson & Johnson	4,424	9,000	49.2	551	974	56.6	3,148	7,119	44.2
27	American Express	4,313	22,934	18.8	324	988	32.8	25,298	142,704	17.7
28	Minn Mining & Mfg	4,230	10,581	40.0	472	1,154	40.9	2,669	8,922	29.9
29	JP Morgan	4,149	7,839	52.9	545	1,002	54.4	38,442	83,923	45.8
30	Chrysler	4,110	35,473	11.6	283	1,050	27.0	5,798	48,567	11.9
31	Tenneco	4,012	13,234	30.3	21	–1	P-D	4,959	17,376	28.5
32	Motorola	3,968	8,250	48.1	228[3]	856[3]	26.6	2,211	6,710	33.0
33	Sears, Roebuck	3,744	50,251	7.5	41	1,454	2.8	2,752	77,952	3.5
34	Aluminum Co of America	3,540	9,795	36.1	534[8]	1,037[8]	51.5	4,607	10,538	43.7
35	FW Woolworth	3,500	8,088	43.3	91	288	31.6	1,588	3,535	44.9
36	NCR	3,490	5,990	58.3	353	439	80.4	1,882	4,717	39.9
37	American Brands	3,441	7,236	47.6	355	541	65.6	2,898	12,201	23.8
38	Caterpillar	3,104	10,435	29.7	64[3]	1,175[3]	5.4	1,821	9,686	18.8
39	K mart[7]	3,083	29,623	10.4	NA	803	NA	1,271	12,529	10.1
40	Monsanto	3,074	8,293	37.1	271	591	45.9	2,316	8,461	27.4
41	Manufacturers Hanover	3,058	8,545	35.8	561	752	74.6	23,052	66,710	34.6
42	Colgate-Palmolive	3,047	4,734	64.4	121	153	79.1	1,583	3,218	49.2
43	BankAmerica	2,967	10,181	29.1	–358	726	D-P	22,862	94,647	24.2
44	Merck	2,943	5,940	49.5	455	1,207	37.7	1,878	6,128	30.6
45	Atlantic Richfield	2,891	17,626	16.4	64	1,583	4.0	3,938	21,514	18.3
46	Bankers Trust New York	2,741	5,851	46.8	294	648	45.4	32,583	57,942	56.2
47	Allied-Signal	2,740	11,909	23.0	123	463	26.6	1,983	10,005	19.8
48	Pan Am	2,717	3,569	76.1	106[3]	–64[3]	P-D	NA	2,149	NA
49	Sara Lee	2,714	10,424	26.0	165	325	50.8	2,366	5,012	47.2
50	CPC International	2,657	4,700	56.5	182	297	61.3	1,794	3,342	53.7
51	Union Carbide	2,566	8,324	30.8	136	662	20.5	3,086	8,441	36.6
52	Pfizer	2,501	5,385	46.4	465[8]	794[8]	58.6	2,470	7,638	32.3
53	PepsiCo	2,456	13,007	18.9	299	762	39.2	3,211	11,135	28.8
54	GTE	2,414	16,460	14.7	125	1,225	10.2	4,067	31,104	13.1
55	Gillette	2,330	3,581	65.1	201	269	74.7	1,836	2,868	64.0
56	Cigna	2,319	17,889	13.0	–33	410	D-P	6,175	55,825	11.1
57	Bank of Boston	2,241	5,296	42.3	50	322	15.5	6,210[4]	33,694[4]	18.4
58	HJ Heinz	2,192	5,244	41.8	124	386	32.1	1,604	3,605	44.5
59	Kimberly-Clark[7]	2,178	5,805	37.5	NA	379	NA	1,901	4,432	42.9
60	WR Grace	2,140	5,786	37.0	156	192	81.3	1,517	5,310	28.6

[1]From continuing operations. [2]Includes other income. [3]Operating profit. [4]Average assets. [5]Includes excise taxes. [6]Operating income after taxes. [7]Includes proportionate interest in unconsolidated subsidiaries and affiliates. [8]Net income before minority interest. [9]Excludes Canadian operations. [10]Net income before corporate expense. [11]Pretax income. D-P: Deficit over profit. P-D: Profit over deficit. NA: Not available.

The 100 largest U.S. multinationals

1988 rank	Company	Foreign revenue (mil)	Total revenue (mil)	Foreign revenue as % of total	Foreign net profit[1] (mil)	Total net profit[1] (mil)	Foreign net profit as % of total[1]	Foreign assets (mil)[1]	Total assets (mil)	Foreign assets as % of total
61	SmithKline Beckman	$2,113	$4,749	44.5%	$256	$229	111.8%	$1,762	$5,017	35.1%
62	Bristol-Myers	2,109	5,973	35.3	210	829	25.3	1,286	5,190	24.8
63	Texas Instruments	2,036	6,295	32.3	36	366	9.8	1,310	4,428	29.6
64	Rockwell International	1,960	11,946	16.4	108	812	13.3	1,589	9,209	17.3
65	TRW	1,930	6,982	27.6	104	261	39.8	1,288	4,442	29.0
66	Warner-Lambert	1,870	3,908	47.9	114	340	33.5	1,125	2,703	41.6
67	McDonald's	1,850[2]	5,566[2]	33.2	172	646	26.6	3,011	8,159	36.9
68	Chemical New York	1,842	7,644	24.1	438	754	58.1	12,879	67,349	19.1
69	Security Pacific	1,805	8,483	21.3	72	639	11.3	15,387	77,870	19.8
70	UAL	1,790	8,982	19.9	NA	1,124	NA	NA	6,701	NA
71	American Cyanamid	1,761	4,592	38.3	210	306	68.6	1,117	4,593	24.3
72	Deere	1,722	5,365	32.1	91[3]	386[3]	23.6	1,143	5,245	21.8
73	American Family	1,722	2,325	74.1	81	109	74.3	5,057	6,074	83.3
74	Unocal	1,713[2]	9,154[2]	18.7	155[10]	666[10]	23.3	1,576	9,508	16.6
75	American Home Products	1,711	5,501	31.1	133	932	14.3	1,261	4,611	27.3
76	Sun Co	1,702[5]	9,744[5]	17.5	5	7	71.4	2,495	8,616	29.0
77	Scott Paper [7]	1,701	5,203	32.7	142[11]	619[11]	22.9	1,427	5,340	26.7
78	Dresser Industries	1,695	3,942	43.0	113[3]	265[3]	42.6	758	2,899	26.1
79	PPG Industries	1,687	5,617	30.0	175[8]	477[8]	36.7	1,483	5,154	28.8
80	Abbott Laboratories	1,677	4,937	34.0	109	752	14.5	1,107	4,825	22.9
81	Honeywell	1,641	7,148	23.0	101	–435	P-D	1,239	5,089	24.3
82	Phillips Petroleum	1,631	11,304	14.4	319	650	49.1	2,183	11,968	18.2
83	Borden	1,614	7,243	22.3	80	312	25.6	1,154	4,440	26.0
84	Baxter Travenol	1,612	6,861	23.5	108	388	27.8	1,425	8,550	16.7
85	Salomon	1,583	6,146	25.8	220	280	78.6	36,070	85,256	42.3
86	Kellogg	1,582	4,349	36.4	131	480	27.3	1,465	3,298	44.4
87	Avon Products	1,549	3,063	50.6	222[3]	402[3]	55.2	904	2,460	36.7
88	Quaker Oats	1,539	5,330	28.9	124[3]	518[3]	23.9	629	2,975	21.1
89	Eli Lilly	1,505	4,070	37.0	247	761	32.5	1,603	5,263	30.5
90	Occidental Petroleum	1,504	19,933	7.5	248[10]	1,381[10]	18.0	1,860	20,747	9.0
91	Halliburton	1,486[2]	4,839[2]	30.7	88[8]	83[8]	106.0	942	4,722	19.9
92	Emerson Electric	1,473	6,651	22.1	114	529	21.6	1,058	5,027	21.0
93	AMP	1,449	2,670	54.3	172	319	53.9	1,036	2,376	43.6
94	Ralston Purina	1,435	5,876	24.4	97	388	25.0	747	4,044	18.5
95	Westinghouse Electric	1,321	12,500	10.6	41	823	5.0	799	16,937	4.7
96	Litton Industries	1,308	4,864	26.9	31[8]	176[8]	17.6	478	5,074	9.4
97	Dun & Bradstreet	1,307	4,267	30.6	–1	499	D-P	1,273	5,024	25.3
98	Intel	1,235	2,875	43.0	281	453	62.0	1,078	3,550	30.4
99	Dana	1,225	5,190	23.6	132[3]	424[3]	31.1	452	4,786	9.4
100	Squibb	1,200	2,586	46.4	180	426	42.3	722	3,083	23.4

[1]From continuing operations. [2]Includes other income. [3]Operating profit. [4]Average assets. [5]Includes excise taxes. [6]Operating income after taxes. [7]Includes proportionate interest in unconsolidated subsidiaries and affiliates. [8]Net income before minority interest. [9]Excludes Canadian operations. [10]Net income before corporate expense. [11]Pretax income. D-P Deficit over profit. P-D Profit over deficit. NA Not available.

100 U.S.-Traded Foreign Stocks

American Depositary Receipts (ADRS) were first introduced in 1927. Broadly speaking, they've been gaining popularity ever since. According to the Securities & Exchange Commission there are now 700 foreign companies whose shares trade as ADRS in the U.S. market.

What's the advantage of trading a company's ADRS, as opposed to its underlying shares? Convenience, mainly. Were you to buy, say, Kyocera shares on the Tokyo stock exchange, the transaction would take at least two weeks—and perhaps as much as six months—to clear and settle. By contrast, Kyocera's New York Stock Exchange-traded ADR is just like any U.S. security, so it can clear and settle in only five days. Another item of convenience: ADRS pay their dividends in dollars.

There is an element of protection involved, too. Companies with ADRS must generally conform to most U.S. accounting standards and disclosure rules. If you buy a foreign security directly on its home exchange, the chances are you'll never receive so much as an annual report or notice of the annual meeting. (But note that only holders of "sponsored" ADRS necessarily receive financial statements; companies with "unsponsored" ADRS may or may not send reports.)

Because some foreign shares trade at prices that are very low when converted into dollars, one ADR often represents several of the underlying shares in a company. For example, one ADR of ADT Ltd. is equal to ten common shares.

The earnings estimates for 1989 shown for the stocks below come courtesy of the Lynch, Jones & Ryan Institutional Brokers Estimate System international database. These forecasts reflect the opinions of Wall Street analysts and of people who follow these stocks in their home countries.

All prices and earnings data are based on recent exchange rates (June 21), whereas data for most of the other tables in the International Survey were converted into dollars at earlier exchange rates. Therefore, data on the same companies may show different values.

			Price			EPS			
Exch	Company/business	Country	recent	52-week high	52-week low	1988	1989E	1988 P/E	Yield
o	•**ADT Limited**/security svcs, building mgmt	Bermuda	28⅜	30	20⅝	$2.57	$2.99	11.0	4.6%
o	•**AEGON NV**/insurance	Netherlands	46	48⅜	37	5.12	5.48	9.0	2.1
o	•**Ajinomoto**/food & household prods	Japan	185	218¼	164¼	2.03E	2.22	NA	0.3
o	•**Akzo NV**/chemicals	Netherlands	34⅝	35½	32⅛	4.87	5.26	7.1	3.3
o	•**Asahi Glass**/glass, chemicals	Japan	166⅜	177½	124⅞	3.05	3.48	54.5	0.3
o	•**Asea AB**/electronics	Sweden	87½	87½	49¼	3.84	6.11	22.7	1.3
o	•**Attwoods Plc**/waste management	UK	39¼	39⅜	22	1.76	2.23	22.3	1.9
n	•**Barclays**/bank	UK	29	33⅜	21	6.05	6.11	4.8	6.1
a	•**B.A.T Industries**/tobacco, paper, foods	UK	10¾	10⅝	7	1.08	1.18	9.6	3.7
o	•**Beecham Group**/drugs, food process	UK	20	22⅜	15	1.23E	1.42	16.3	2.9
n	•**Benguet**/gold & copper, machinery	Philippines	3⅞	4⅜	3¼	0.61	0.62	6.4	3.6
n	•**BET Plc**/multicompany	UK	17¾	19¼	14⅜	1.57E	1.75	11.3	6.0
o	•**Biogen NV**/biotechnology	Netherlands	12	15⅞	6	–0.05	–0.01	NM	NM
n	•**Blue Arrow Plc**/employment agency	UK	15⅜	22¾	14⅛	0.58	1.17	1.33	13.1
n	•**British Airways**/airline	UK	32¼	36½	24¾	3.66E	4.27	8.8	4.5
n	•**British Gas**/gas	UK	29⅞	34½	27⅝	3.29E	3.68	9.1	4.6
n	•**British Petroleum**/integrated oil	UK	55⅜	61⅝	48¼	4.13	5.18	13.4	7.0
n	•**British Steel**/steel	UK	12⅞	15⅛	11	4.24E	4.22	3.0	NM
n	•**British Telecommunications**/telecomm	UK	42⅞	52	37¾	4.15E	4.48	10.3	4.5
n	•**Broken Hill Proprietary**/steel, oil & gas	Australia	25⅞	27⅞	22⅜	2.29E	2.59	11.3	3.2

Prices as of June 21, 1989. a: American Stock Exchange. n: New York Stock Exchange. o: over-the-counter. •American Depositary Receipts. NM: Not meaningful. E: estimate.

Sources: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, Forbes.

Exch	Company/business	Country	Price recent	Price 52-week high	Price 52-week low	EPS 1988	EPS 1989E	1988 P/E	Yield
o	•**Buffelsfontein Gold Mining**/gold, uranium	South Africa	11⅜	17⅜	10⅛	$1.58	$0.65	7.2	12.7%
o	•**Burmah Oil**/oil	UK	36½	41	33⅝	3.40	3.70	10.7	4.0
o	•**Cadbury Schweppes**/food processing	UK	57½	75	53⅞	4.05	4.40	14.2	3.1
o	•**Canon**/office equip, optics	Japan	68⅛	68⅝	44⅜	2.31	2.52	29.5	0.6
o	•**Carlton Communications**/electronic comp	UK	26⅜	32⅛	20	1.49	2.05	17.7	1.1
n	**Commodore Intl**/computer equip	Bahamas	17⅝	19¾	9⅛	1.51	2.32	11.7	NM
a	•**Courtaulds**/textiles	UK	5⅛	6¼	4⅛	0.56E	0.60	9.2	5.3
o	•**DeBeers Cons Mines**/diamonds	South Africa	15⅛	15⅝	9⅝	2.11	2.39	7.2	4.2
o	•**Deutsche Bank**/bank	Germany	293⅝	297⅛	229¾	24.25	25.37	12.1	1.6
n	•**Dixons Group**/consumer electronics stores	UK	6¾	10½	6¾	0.58E	0.60	11.6	3.9
o	•**Dresdner Bank**/bank	Germany	167½	181⅜	127½	14.07E	14.70	11.9	2.2
o	•**Electrolux AB**/household appliances	Sweden	48⅛	52¼	35¼	5.70E	6.47	8.4	3.0
n	•**Empresa Natl Electric**/electric utility	Spain	18⅜	18⅜	12	2.00	2.48	9.2	1.9
n	•**FAI Insurance**/insurance, financial svcs	Australia	10¼	18¼	9¼	3.10	2.10	3.3	3.5
o	•**Fisons**/drugs	UK	17⅝	21⅜	15⅜	1.34	1.61	13.3	2.3
o	•**Fuji Photo Film**/photo products	Japan	55	62⅜	46	3.33	3.29	16.5	0.3
o	•**Fujitsu**/data processing, computer equip	Japan	54¾	68⅛	47¾	1.42E	1.74	38.5	0.5
n	•**Glaxo Holdings**/food, drugs, med equip	UK	21⅞	24⅛	15⅞	1.33E	1.62	16.4	2.6
n	•**Hanson Plc**/multicompany	UK	16	17⅛	11⅜	1.37	1.57	11.57	4.9
n	•**Hitachi**/electrical equipment	Japan	113¼	152¼	105¼	4.22E	4.77	26.8	0.5
n	•**Honda Motor**/autos, motorcycles	Japan	27	37½	24⅞	1.53E	1.66	17.6	0.6
n	•**Huntingdon Intl Hlds**/lab services	UK	18⅞	20¼	10	0.90	1.13	21.0	1.2
o	•**Hutchison Whampoa**/multicompany	Hong Kong	5⅞	8	5	0.49	0.73	12.0	4.4
n	•**Imperial Chemical Inds**/chemicals	UK	80⅝	86½	67	8.94	9.11	9.0	5.6
o	•**Instrumentarium**/health care equip	Finland	14¼	15⅝	11⅜	1.79	1.75	8.0	1.4
o	•**Ito Yokado**/superstores	Japan	108½	133¼	100	3.91E	4.20	27.7	0.5
o	•**Jaguar**/automobiles	UK	5⅜	5⅞	4	0.27	0.39	20.8	3.7
o	•**Japan Air Lines**/airline	Japan	231⅜	277	186½	2.10E	2.47	NM	0.4
o	•**Kajima**/construction	Japan	140⅜	187⅜	86⅜	1.65E	1.95	NM	0.3
o	•**Kirin Brewery**/beverages	Japan	129	172½	123½	2.61	2.53	49.4	0.4
n	•**KLM Royal Dutch Airlines**/airline	Netherlands	23⅜	23⅜	15⅜	3.10E	3.53	7.6	3.2
o	•**Kloof Gold Mining**/gold mining	South Africa	8⅛	10	7⅜	0.34E	0.31	23.9	5.5
o	•**Komatsu**/heavy-duty equipment	Japan	178¼	203½	98¼	2.67E	3.46	66.8	0.6
n	•**Kyocera**/ceramics, electronics, optics	Japan	75	95¾	70¼	2.56E	2.81	29.3	0.8
o	•**LM Ericsson**/telecommunications	Sweden	83⅜	83¾	37⅞	3.85E	5.45	21.7	1.7
o	•**LVMH***/luxury goods	France	119½	154	78¾	4.89E	6.18	24.4	0.7
o	•**Makita Electric Works**/electrical tools	Japan	65¼	67¼	52¼	2.96	3.26	22.0	0.9
o	•**Marui**/department stores	Japan	38	44⅝	36¼	1.03E	1.19	36.9	0.7
n	•**Matsushita Elec Indl**/electronics	Japan	170	230	160⅜	7.36E	8.13	23.1	0.5
n	•**Montedison SPA**/chemicals	Italy	15⅜	16⅛	12¾	1.71	1.66	9.0	1.2

Prices as of June 21, 1989. a American Stock Exchange. n New York Stock Exchange. o Over the counter. •American Depositary Receipts. *Full name LVMH Moet Hennessy Louis Vuitton. NM Not meaningful. E estimate.

Sources: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan; Forbes.

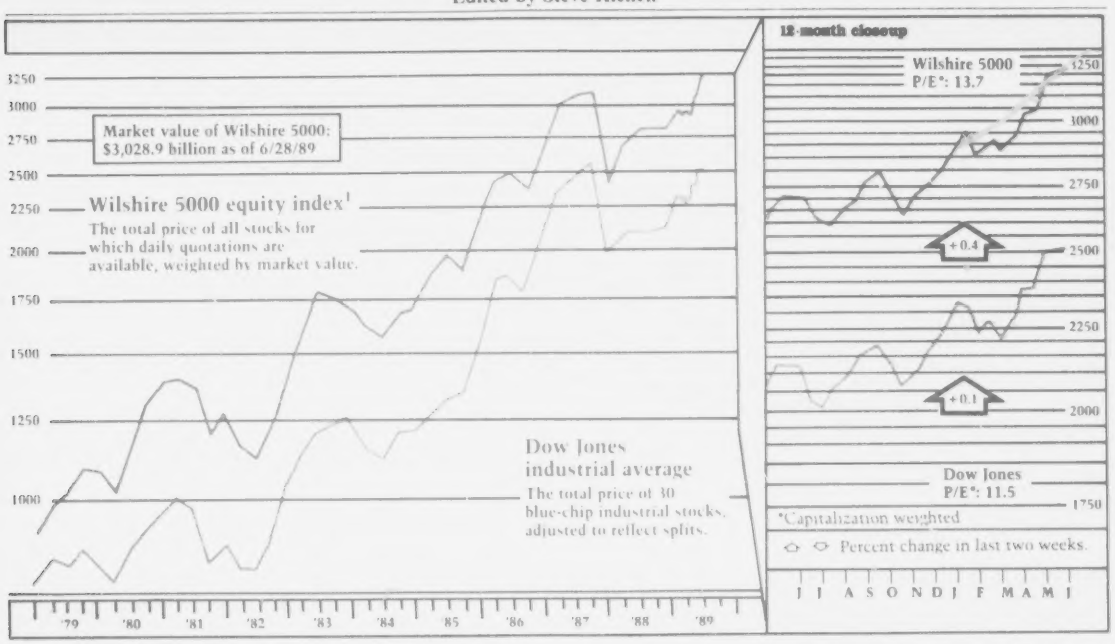
Exch	Company/business	Country	Price recent	52-week high	52-week low	EPS 1988	EPS 1989E	1988 P/E	Yield
n	•**Natl Australia**/bank	Australia	23¾	29	22¾	$2.90	$4.03	8.2	5.6%
n	•**Natl Westminster**/bank	UK	28	32¾	26¼	6.36	6.45	4.4	5.8
o	•**NEC**/telecomm equipment	Japan	68¾	88	62	1.40E	1.72	49.1	0.2
n	•**News Corp**/newspapers, broadcasting	Australia	24	25¾	15¼	2.29	2.71	10.5	0.6
o	•**Nissan Motor**/automobiles	Japan	20⅞	24¼	14½	0.52E	0.63	40.1	0.8
o	•**Norsk Data AS**/minicomputers	Norway	6⅛	9⅞	5	–0.77E	–0.02	NM	6.0
n	•**Norsk Hydro AS**/fertilizers, oil, gas, metals	Norway	22⅝	27¾	14⅜	2.54	3.17	8.9	2.0
n	•**Novo Nordisk AS***/chemicals	Denmark	46½	46¾	30¼	3.53	3.52	13.2	1.1
o	•**Pacific Dunlop**/multicompany	Australia	13⅞	15⅜	12⅛	1.00	1.41	13.9	3.5
o	•**Pharmacia AB**/chemicals	Sweden	20	26¼	17	1.28	1.73	15.6	1.0
n	•**Philips NV**/elec equip, electronics	Netherlands	18	19⅜	14⅜	1.89	2.03	9.5	4.6
n	•**Pioneer Electronics**/electronics	Japan	52⅛	60	44¼	1.86	2.10	28.0	0.7
n	•**Plessey**/telecommunications	UK	40½	45⅛	25	2.68	3.05	15.1	3.8
n	•**Racal Telecom**/mobil telecomm	UK	74¼	85¾	29½	0.87E	1.45	NM	NM
o	•**Rank Organisation**/leisure services, mfg	UK	15	16½	10⅝	1.25	1.56	12.0	3.3
o	•**Ratners Group**/jewelry	UK	11⅜	13⅜	8⅜	1.18E	1.39	9.9	6.4
o	•**Reuters Holdings**/intl news services	UK	38	40¾	23	1.66	2.28	22.9	1.3
o	•**Rhone Poulenc SA**/garden prods, chems	France	43¼	48½	29⅛	4.67E	5.62	9.3	2.3
n	•**Royal Dutch Petroleum**/integrated oil	Netherlands	61⅜	66½	52⅛	5.98	7.22	10.3	6.2
o	•**Rustenburg Platinum Hlds**/metal mining	South Africa	14½	16⅜	8⅛	.83	1.00	17.5	5.3
n	•**Saatchi & Saatchi**/advertising	UK	14¾	22½	13¼	2.30	1.68	6.4	7.0
o	•**Saint Helena Gold Mines**/gold	South Africa	7¼	9	6¼	0.83	0.38	8.7	14.1
o	•**Santos**/oil & gas	Australia	10½	14½	10⅜	0.81	1.07	13.0	5.8
o	•**Sanwa Bank**/bank	Japan	188⅛	224½	156½	4.06E	4.55	46.3	0.2
o	•**Sanyo Electric**/electronics	Japan	31⅛	35⅜	23⅜	0.13	0.39	NM	0.8
n	**Schlumberger**/oilfield svcs, electronics	Neth Antilles	38⅝	40⅞	30⅞	1.72	1.95	22.5	3.1
n	**Sea Containers**/maritime	Bermuda	72¼	74½	22¼	5.87	5.04	12.3	0.8
o	•**Sekisui Homes**/construction	Japan	137½	147⅜	108⅛	4.16	4.68	33.1	1.0
n	•**Shell Trans & Trading**/integrated oil	UK	38⅞	42⅜	32⅜	3.35	3.89	11.6	6.2
o	•**SKF AB**/bearings & steel prods	Sweden	22⅞	23¾	11¼	1.33E	1.83	17.2	8.3
n	•**Sony**/electronics	Japan	53⅞	59⅞	37¾	1.72E	2.11	31.3	0.5
n	**Syntex**/drugs	Panama	49⅜	54½	35	2.52	2.85	19.6	3.0
n	•**TDK**/audio and videotape	Japan	79	81	60	2.83	2.91	27.9	0.7
n	•**Telefónica de España**/telecommunications	Spain	24¼	25⅞	21⅜	1.75	2.15	13.9	4.5
o	•**Toyota Motor**/automobiles	Japan	38⅛	44⅞	34¼	1.70	1.82	22.5	0.6
n	•**Unilever NV**/multicompany	Neth Antilles	64¼	64⅞	49¼	5.22	5.88	12.3	3.3
o	•**United Newspapers**/publishing	UK	13½	16⅜	12¾	1.19E	1.28	11.3	5.9
o	•**Volvo AB**/automobiles	Sweden	65⅞	75¼	47⅜	10.65E	12.15	6.2	2.8
o	•**WCRS Group**/advertising	UK	9	9⅛	6¼	0.85E	0.96	10.6	1.7
o	•**WPP Group**/advertising	UK	22	26⅛	18¾	1.70E	2.33	12.9	3.2

Prices as of June 21, 1989. a American Stock Exchange n New York Stock Exchange o over the counter • American Depositary Receipts *Was Novo Industri AS. NM Not meaningful E estimate

Sources: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, Exotics

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Back to the starting line. Blue-chip stocks ran around in circles during the recent ten-day trading period. After gaining 50 points on June 23, the Dow lost 20 and 22 points on June 26 and 28, respectively, finishing the two weeks virtually unchanged. The overall market, as measured by the Wilshire, moved 0.4% higher.

Charles LaLoggia, editor of the *Special Situation Report*, is not bullish. He thinks we are already in a recession and surmises that current economic conditions are worse than those prior to the crash. LaLoggia, based in Rochester, N.Y., points to the weak housing and auto markets, the drop in the index of leading economic indicators and the contracting money supply. He says, "The same economists who are saying there will be no recession will, in the next four months, point back to the first quarter as the beginning of the recession." LaLoggia predicts that within the next 12 months the Dow will fall to 1700, or about where it was at the end of the crash.

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	1.5	1.7	1.0	1.7	2.6	–0.3
in last 52 weeks	18.6	18.5	18.0	18.8	19.2	13.6

Stock performance based on six key investor yardsticks[3]

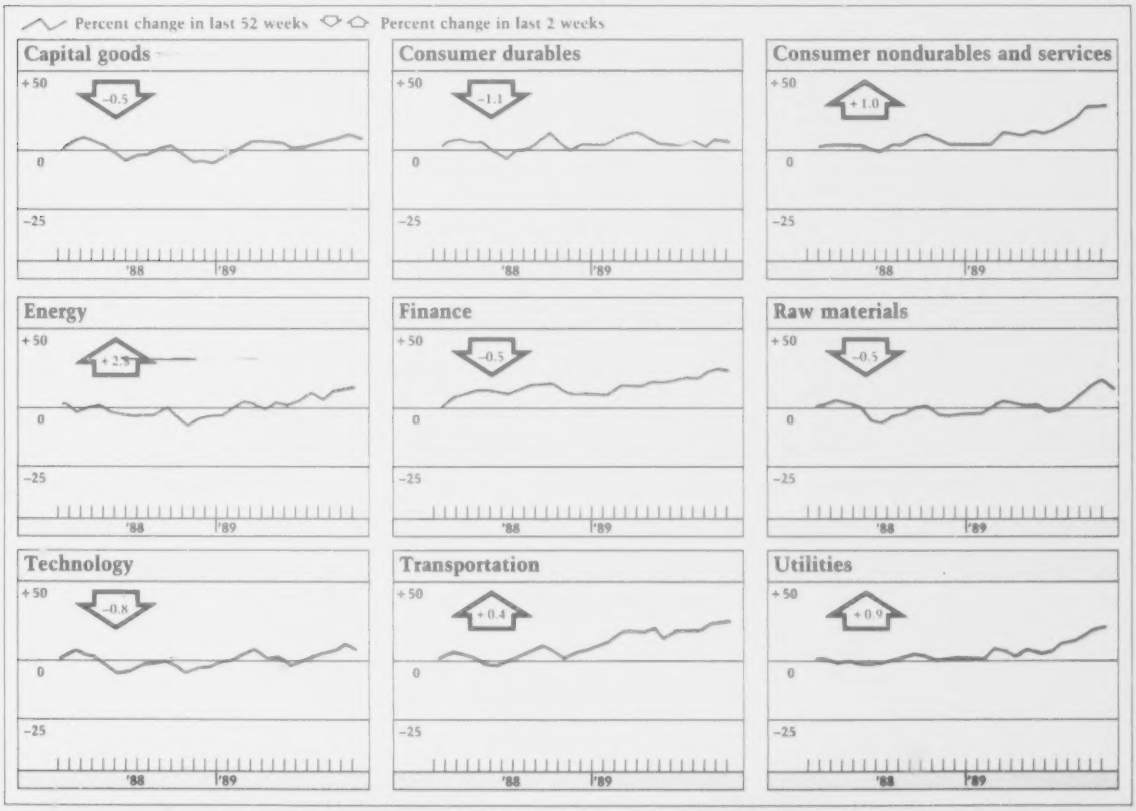
Percent change	Company size		Volatility[4]		P/E multiple		Dividend yield		Growth profile[5]		Share price	
	large	small	high	low	over 21	under 8	over 4.5%	none	high	low	over $34	under $5
in last 4 weeks	1.7	3.5	–0.9	1.6	–0.2	1.1	1.6	0.5	0.0	1.1	1.8	1.9
in last 52 weeks	20.5	25.4	10.2	11.2	24.9	13.2	5.5	20.1	14.2	15.1	23.0	8.8

[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. [2]Based on sales. [3]Equal weighted indices containing all shares with market capitalizations over $10 million. [4]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable. [5]A quantitative evaluation of a stock's growth image determined by Wilshire Associates.

Note: All data for periods ending 6/28/89. Prepared by Wilshire Associates, Santa Monica, Calif.

Where the Action Is

The appeal of oil service stocks. Given OPEC's recent harmony and the prospect of firmer oil prices, money managers tailored their portfolios for second-quarter reports by shifting funds into energy issues. As usual, it came at the expense of technology stocks. The energy sector advanced 2.5% in the last ten days. Oil service stocks, which are very sensitive to energy prices, were the main beneficiaries. Baker Hughes, Halliburton and Rowan each moved up more than 10%. The eight-year oil service shakeout has left fewer companies to prosper when the good times resume. PaineWebber's James Carroll is bullish on Schlumberger, Baker Hughes, Rowan and Odeco. He advises avoiding the more speculative ones like Tidewater and Smith International.



What the Analysts Think

Technology blackout. Analysts continue to forecast lower earnings for the technology sector. One exception was Amgen; analysts raised 1989 earnings estimates for the biotech company 12%, to 73 cents. Amgen recently received approval to market Epogen, its anti-anemia drug. Caution: it trades at a lofty 62 times estimated earnings.

Forecasting the Forbes Sales 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.34	13.1
1989 estimates	3.77	11.6
1990 estimates	4.11	10.6

Rank based on change in estimate	Sector	Estimated 1989 EPS	Estimated 1989 P/E	% change in 1989 estimate in 2 weeks	% change in 1989 estimate in 4 weeks
1	Energy	$3.33	12.0	0.59 %	1.37%
2	Utilities	3.02	11.9	–0.08	–0.21
3	Capital goods	2.99	13.3	–0.09	–0.24
4	Consumer nondurables	2.60	15.4	–0.34	–0.45
5	Raw materials	3.41	9.6	–0.36	–0.51
6	Consumer durables	3.49	10.9	–0.38	–1.04
7	Transportation	2.75	11.5	–0.49	–1.74
8	Finance	3.49	9.7	–0.53	–0.82
9	Technology	3.08	11.9	–0.91	–1.78

Earnings projections are capitalization-weighted consensus estimates from over 3,000 security analysts. Data are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York based brokerage firm.

Note: All data for periods ending 6/28/89. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.

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AUGUST 7, 1989

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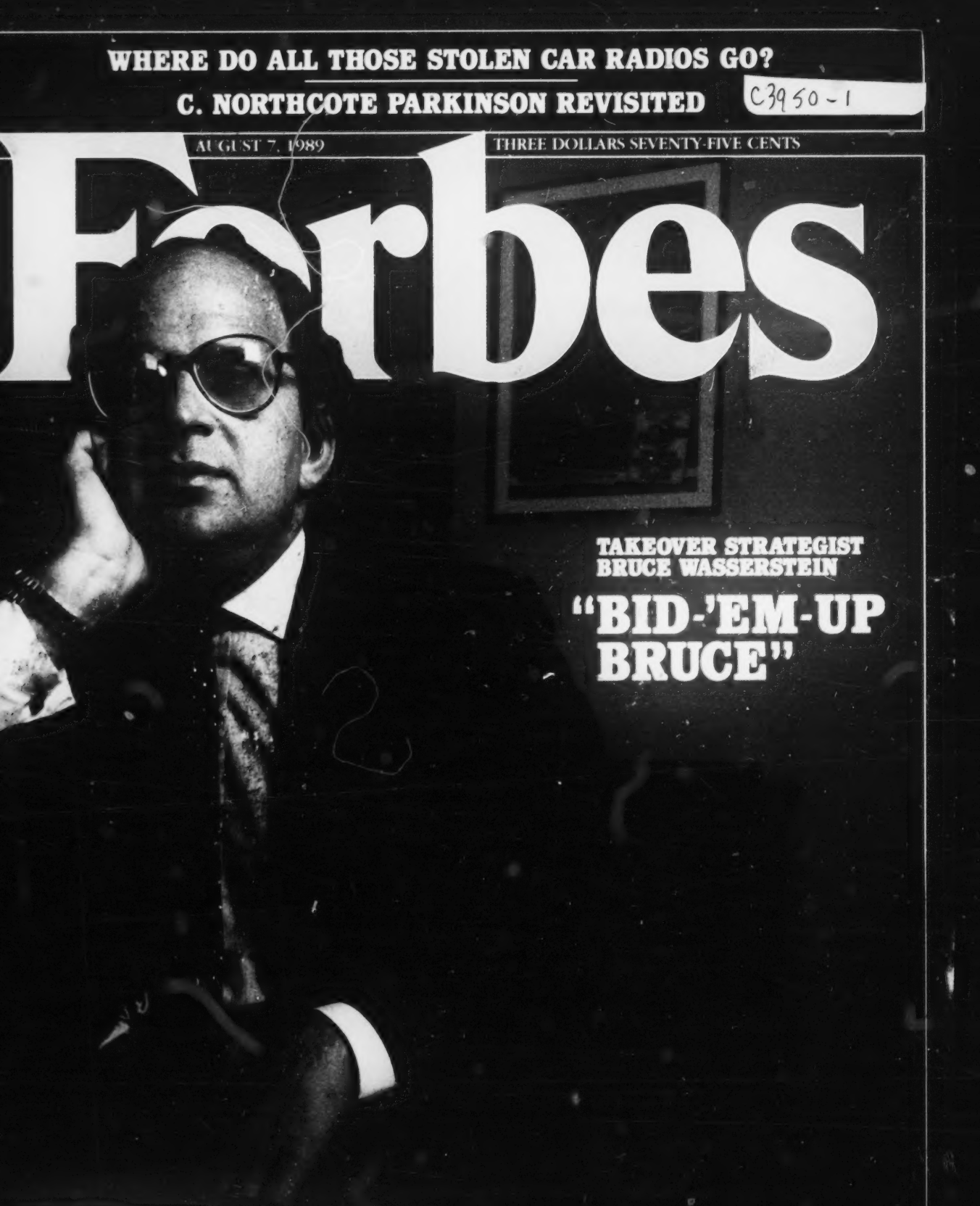

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Cover Photo by Richard Bowditch

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Operators

SIR: Talk about a license to steal! I have never seen it so blatantly exercised as in the moneymaking scheme between International Telecharge and subscribers. ("A bubble ready to burst?" *June 12*). I can't see where the telephone user benefits one iota from this service.
—Robert L. Ord
Denver, Colo.

Upgrade

SIR: Your ranking of the top 500 foreign companies *(July 24)* contained incorrect figures for Mitsubishi. Revenues were in fact $121,965 million, net income $360 million and assets $72,037 million.
—Kyosuke Mori
Corporate Communications Department
Mitsubishi Corp.
Tokyo, Japan

FORBES regrets the error. Mitsubishi, ranked fourth in sales volume, should have been ranked second.—ED.

No evidence

SIR: Re "Asbestos again?" *(June 12)*. There is no credible evidence that patients with cobalt-chromium, or other presently used alloys, are at an increased risk of developing cancer at the site of the implantation.
—Nas S. Eftekhar, M.D.
Director, Implant Service
Columbia-Presbyterian Medical Center
New York, N.Y.

SIR: The experimental data on the potential cancer-causing problems of cobalt-chrome orthopedic prostheses are conclusive: Implants cause high numbers of tumors in laboratory animals. To settle the disturbing question of whether these devices promote cancer in humans, a prospective medical study needs to be performed.
—Nir Kossovsky, M.D.
Assistant Professor of Pathology
UCLA
Los Angeles, Calif.

SIR: You have done a great disservice to previous and prospective patients who may forgo a beneficial procedure or find themselves living in unwarranted fear of contracting cancer.
—Joseph McCourt
President
Vitek, Inc.
Houston, Tex.

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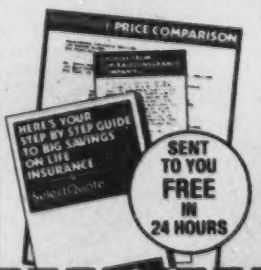

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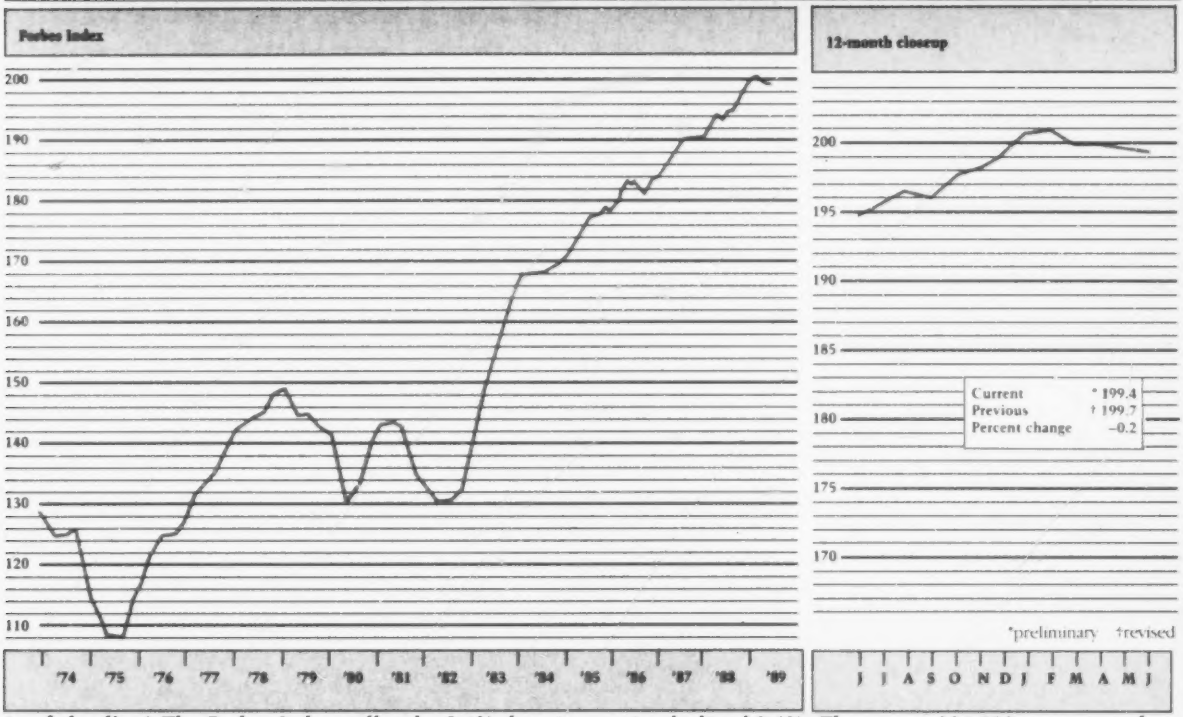
The Forbes Index



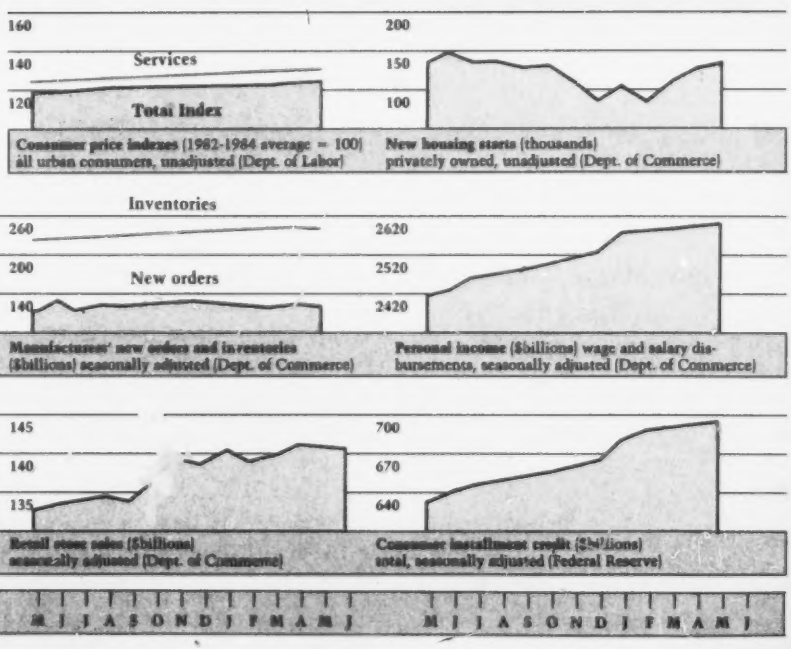
A soft landing? The Forbes Index suffered a 0.4% drop in March and 0.1% declines in April and May. The preliminary June figure showed a 0.2% decline. Industrial production fell 0.2% in June, the first drop since February, as factory utilization slipped 0.3%, to 83.5% of capacity. Manufacturers' new orders fell 4.5% in May, while inventories declined 0.6%. There were 334,900 new unemployment claims in June, which is the highest monthly total in 17 months. June retail sales eased 0.4%, to $140 billion.

A slowing economy yielded a rare—and probably welcome—drop in wholesale prices as the producer price index fell 0.1% in June, the first decline since December 1987.

The Forbes Index Components

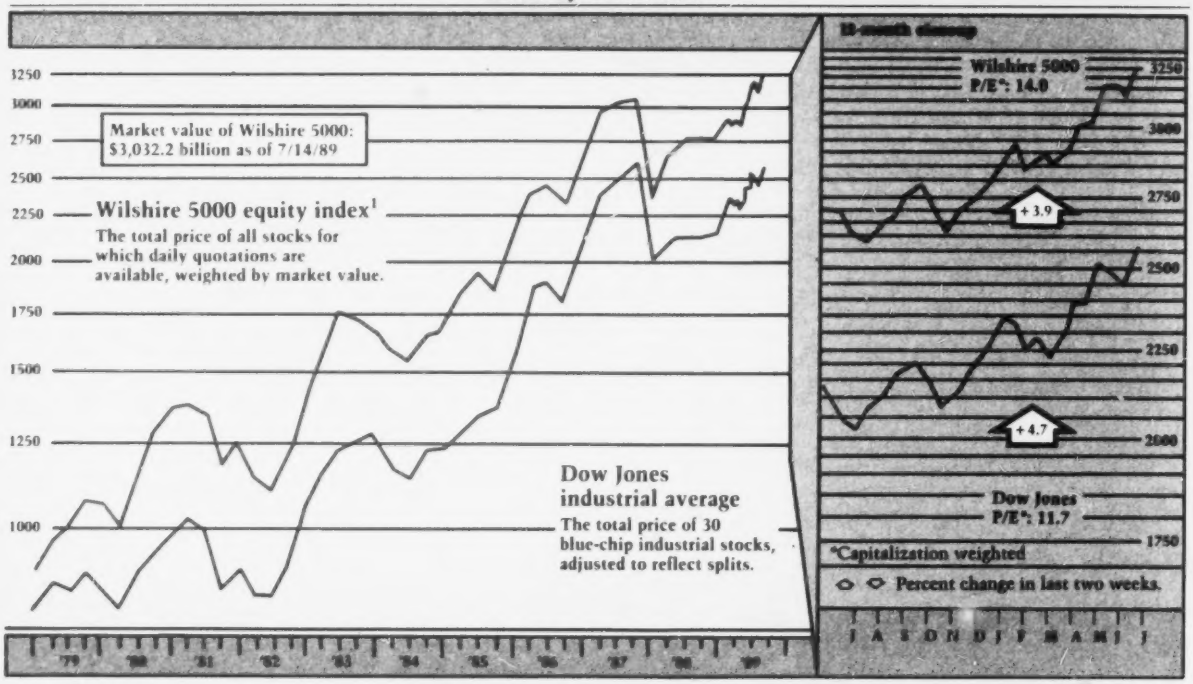
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Up from the deep. The Dow industrials began the third quarter with eight consecutive winning sessions. Although trading volume was relatively light, the industrials picked up 102 points, or 4%, in the two weeks ended July 14. The July 4 holiday and a lack of new takeover stories (except for Sir James Goldsmith's $21 billion offer for B.A.T Industries) contributed to the lackluster volume figures, but the Dow and other major indexes, such as the NYSE composite, hit postcrash highs. The Amex composite, a total return index that includes reinvested dividends, reached an alltime peak. The Wilshire market value index of 6,000 stocks rose almost 4%, to 3259, within 40 points of its record peak. Stocks in the index have a combined market value of $3 trillion.

Richard L. Evans, research director of the *Dow Theory Forecasts*, thinks the market has been helped by strength in the Dow transportation stocks, which have jumped 27% since the start of 1989.

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	2.7	3.2	2.8	3.0	1.7	0.4
in last 52 weeks	20.0	20.3	20.0	20.4	19.0	13.8

Stock performance based on six key investment variables[3]

Percent change	Company size		Volatility[4]		P/E multiple		Dividend yield		Growth profile[5]		Share price	
	large	small	high	low	over 21	under 8	over 4.5%	none	high	low	over $34	under $5
in last 4 weeks	3.0	1.9	0.1	2.7	1.2	0.5	1.3	0.1	0.4	2.0	2.5	0.2
in last 52 weeks	22.6	22.8	10.4	13.5	25.7	12.1	6.4	19.4	14.9	16.1	24.3	4.9

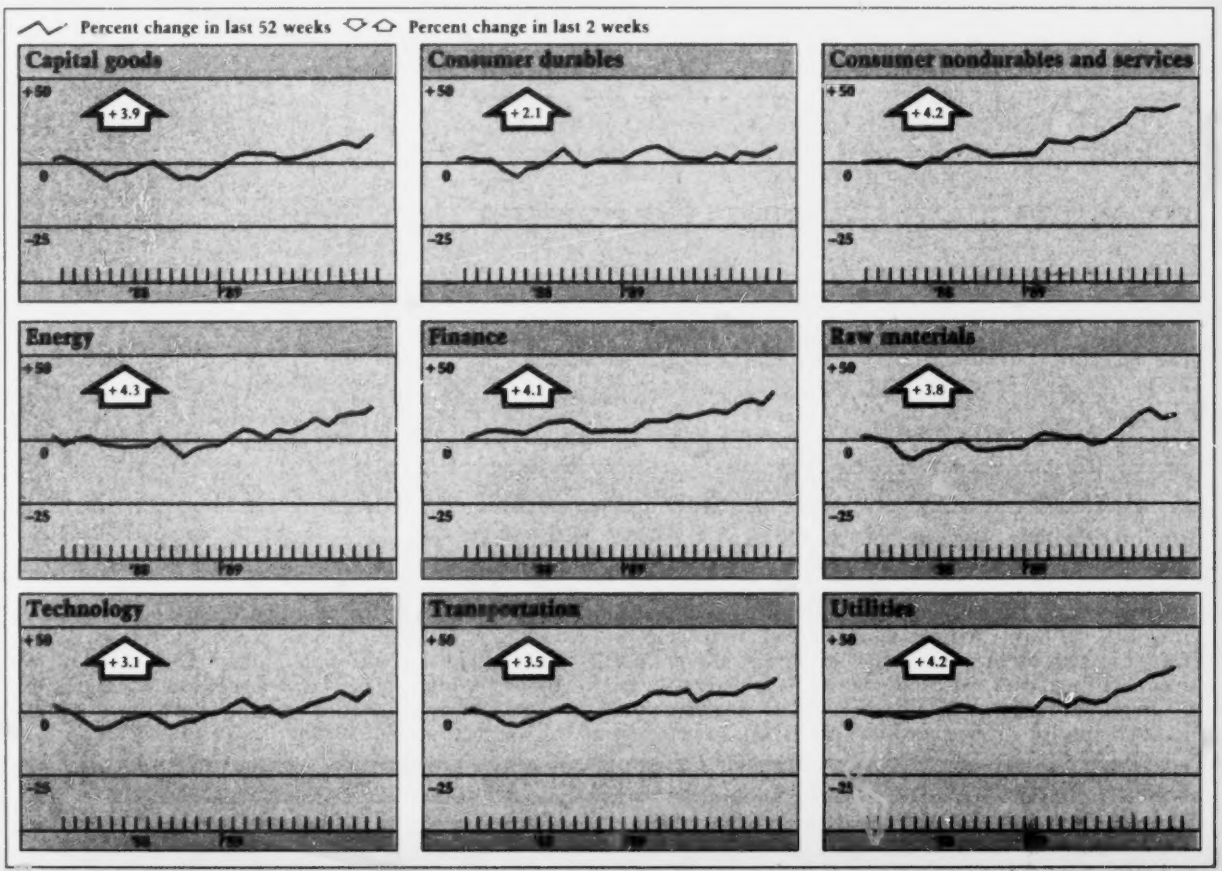
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. [2]Based on sales. [3]Equal weighted indices containing all shares with market capitalizations over $10 million. [4]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable. [5]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 7/14/89. Prepared by Wilshire Associates, Santa Monica, Calif.

Where the Action Is

Flying away. In the last two weeks the transportation stocks were not the best-performing group, but they may have generated the most excitement. NWA, the parent company of Northwest Airlines, agreed to a takeover by investor Alfred Checchi on June 19. And UAL, holding company for United Airlines, jumped 20% to 166¾ in anticipation that it may also be an acquisition target. UAL has a book value of only $57 a share, but its fleet and its landing spots give it a breakup value that some analysts put at $200.

Consumer nondurables posted a 4% two-week gain. Time Inc. lost over 6% of its market value as the company won a legal victory allowing it to proceed with its acquisition of Warner Communications.



What the Analysts Think

High(er) energy. While analysts were cutting a large number of estimates in the last two weeks, the energy group managed to show a 0.3% increase in its composite 1989 earnings forecast. Holly Corp., a Dallas-based refining and marketing company, showed the largest 1989 estimate increase, a jump from $3.81 to $4.19 per share.

Forecasting the Forbes Index

Performance period	Average earnings per share	P/E
latest 12 months	$3.31	13.3
1989 estimates	3.75	11.7
1990 estimates	4.08	10.8

Rank based on change in estimates	Sector	Estimated 1989 EPS	P/E	% change in 1989 estimate in 2 weeks	in 4 weeks
1	Energy	$3.33	12.1	0.32%	0.91%
2	Consumer nondurables	2.60	16.7	-0.01	-0.35
3	Utilities	2.97	12.1	-0.04	-0.13
4	Transportation	2.73	11.7	-0.05	-0.55
5	Capital goods	2.96	13.6	-0.32	-0.43
6	Finance	3.45	10.0	-0.36	-0.90
7	Consumer durables	3.46	11.4	-0.42	-0.88
8	Raw materials	3.36	9.7	-0.44	-0.79
9	Technology	3.06	12.1	-0.49	-1.67

Earnings projections are capitalization-weighted consensus estimates from over 3,000 security analysts. Data are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 7/14/89. Prepared by Wilshire Associates, Santa Monica, Calif., IBES, a service of Lynch, Jones & Ryan, New York.

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COMPUTERS/COMMUNICATIONS: HOW TO BYPASS YOUR LOCAL TELEPHONE COMPANY

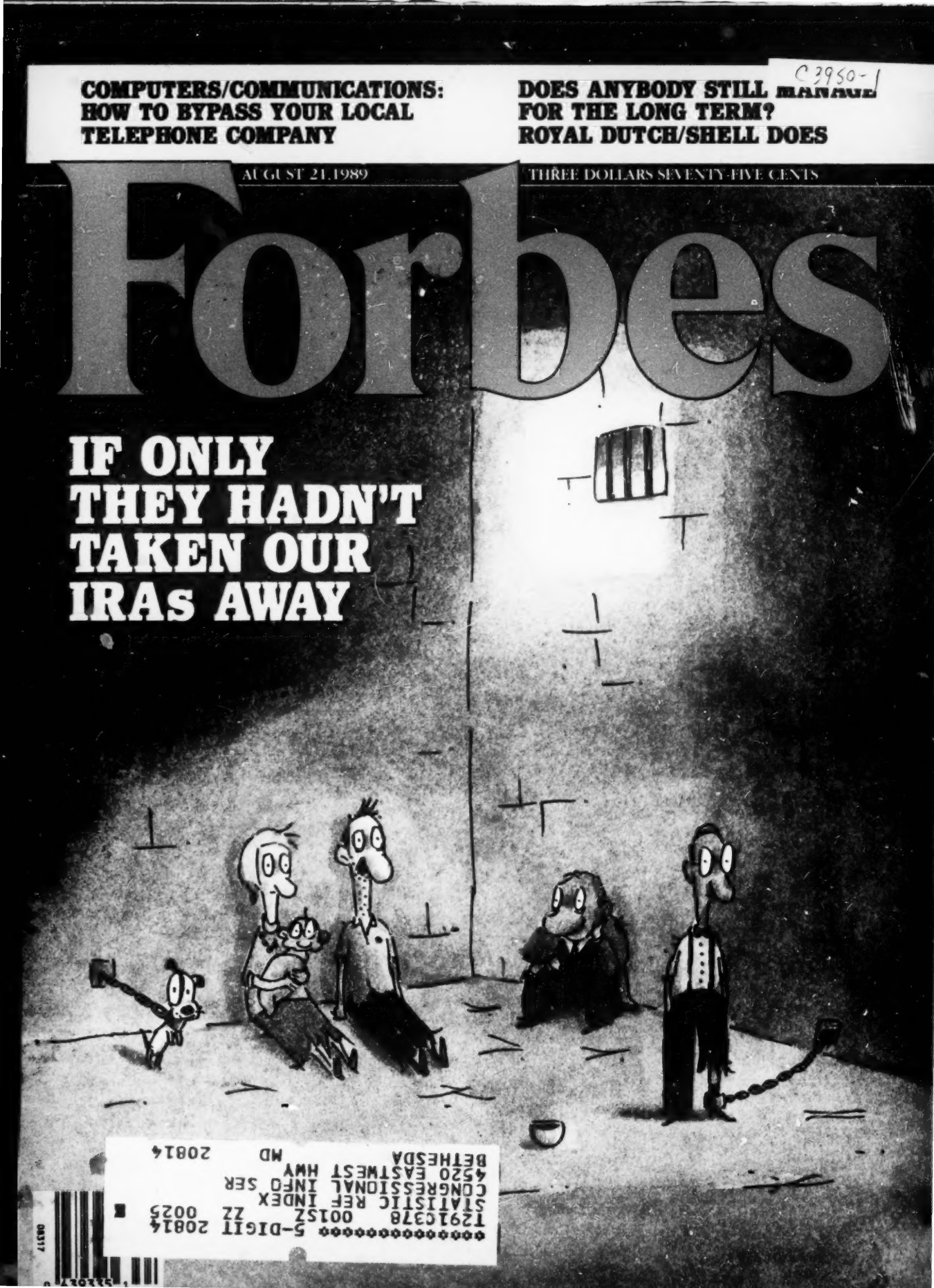
DOES ANYBODY STILL MANAGE FOR THE LONG TERM? ROYAL DUTCH/SHELL DOES

AUGUST 21,1989

THREE DOLLARS SEVENTY-FIVE CENTS

Forbes

IF ONLY THEY HADN'T TAKEN OUR IRAs AWAY



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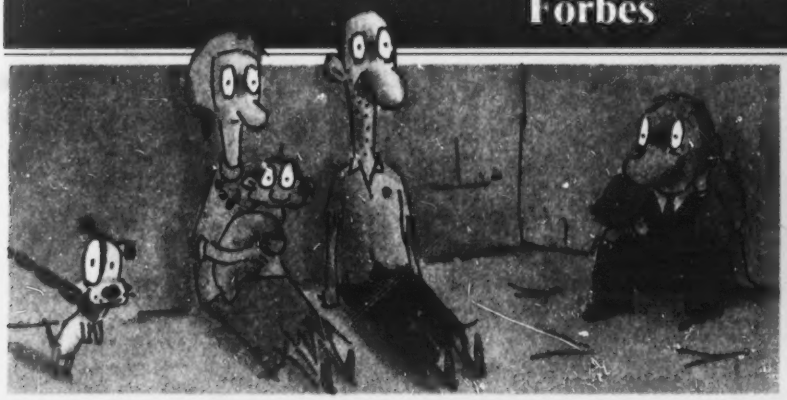

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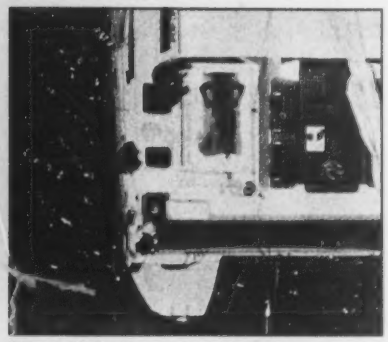

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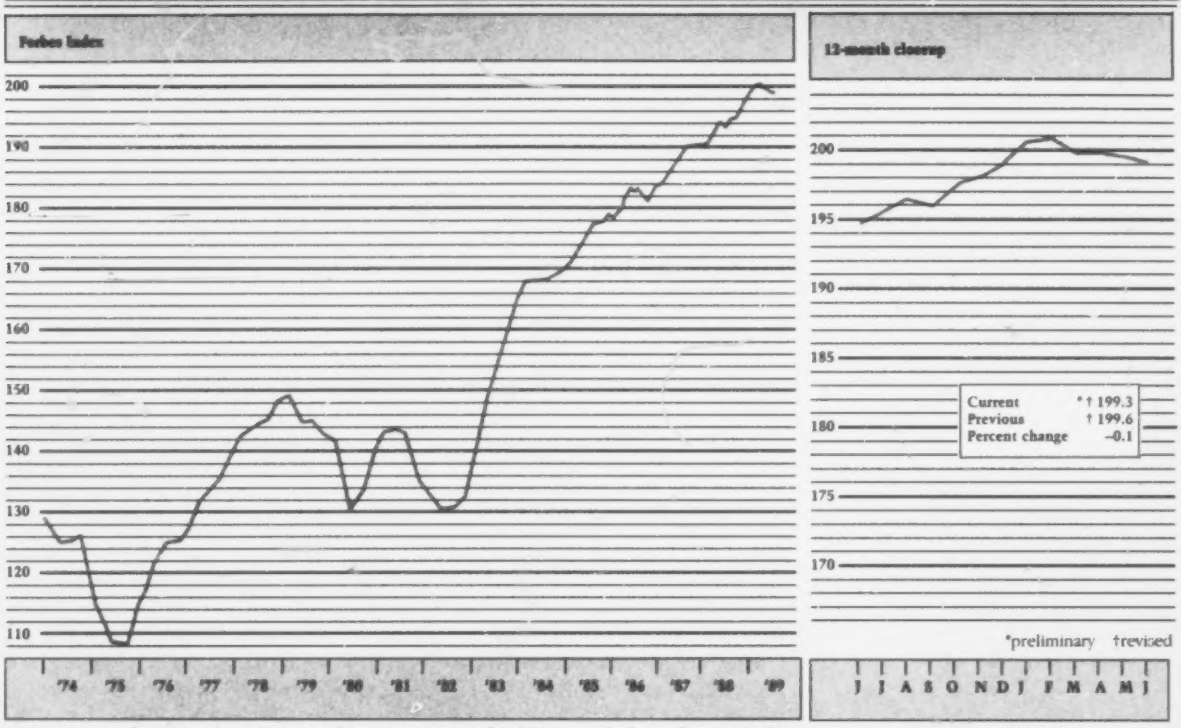
The Forbes Index



More signs of stagnation. Personal income gained 0.5% in June, to a record $2.6 trillion, but the unemployment rate increased 0.1%. Manufacturers' new orders rose slightly, to $124 billion. Fixed mortgage rates have dropped back under 10%, yet the residential construction market remains pretty dull. New housing starts in June were 4% below the 1988 figure.

The Consumer Price Index edged up 0.2% in June. This was a welcome change following the 0.6% jump in May, which contributed to a 3% increase in the cost of living in the first half of 1989. During the same period last year the CPI rose 2.3%. Inflation seems well under control.

The Forbes Index Components

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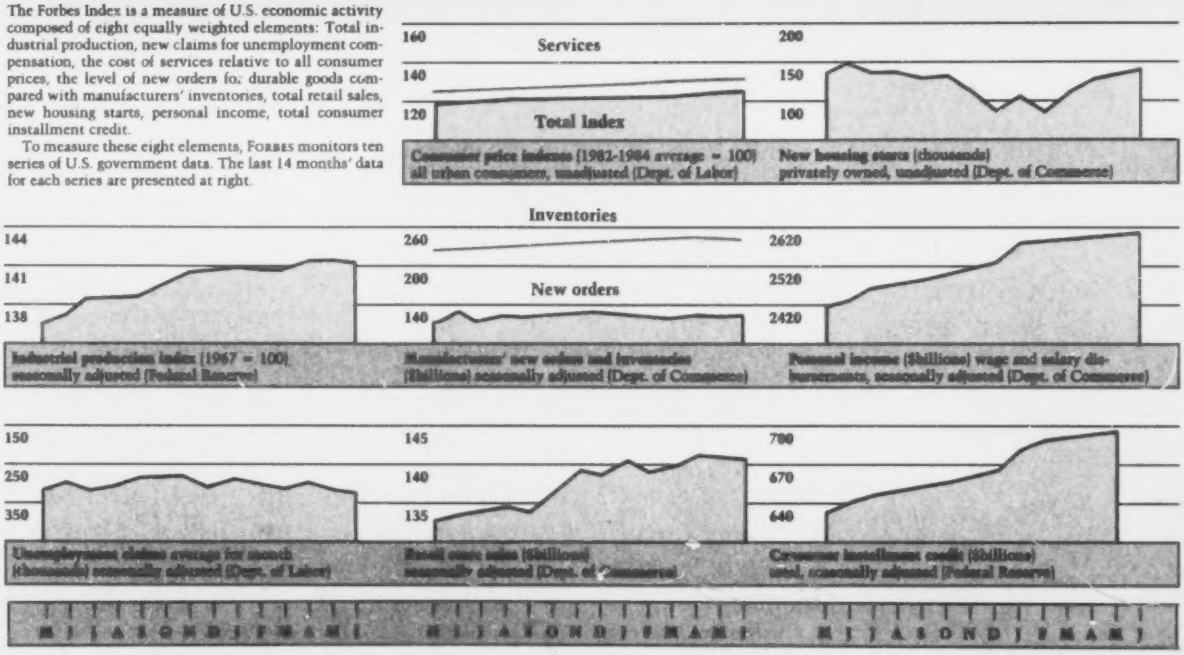


In an era when many managements are more concerned with deals than with minding the store, Royal Dutch/Shell is rather old-fashioned. It concentrates on the very long term and does extremely well.

Time, money and patience

By Toni Mack

IN THE END it will probably be, to put it mildly, an asset to be financially strong," says Royal Dutch/Shell Group Chairman Lodewijk van Wachem. That's not the sort of statement one expects to hear these days from corporate brass. To be "financially strong" implies a timid outfit afraid to use leverage and out of step in these days of go-go deals. But here's Royal Dutch sitting with $8 billion in cash and equivalents. Here is money that could swing deals of gargantuan proportions, money that could buy up the additional oil reserves Royal Dutch clearly needs. But here is the Royal Dutch/Shell Group's management not only sitting on all this money but also counting the cash as a sign of shrewd foresight.

Royal Dutch/Shell, with expected 1989 revenues of around $100 billion, has nosed ahead of Exxon for the title of world's largest oil company *(see table, p. 62)*. But slightly smaller Exxon, spending freely to acquire its own shares, currently has only one-third as much cash as Royal Dutch/Shell.

To understand why the Anglo-Dutch oil giant is letting the cash pile up, it is necessary to understand the company's strategy. At a time when few managements can think beyond tomorrow's headlines, van Wachem and the rest of Royal Dutch management is thinking and managing in terms of major cycles.

"You have to exercise a certain patience," says van Wachem (pronounced van VACK-em). "Markets go up and down, prices go up and down, and therefore if opportunities don't materialize today, they'll come tomorrow." Behind this homily lies a carefully thought-out corporate view of the oil business' future. Royal Dutch/Shell predicates all its planning on the belief that oil prices will be weak for years to come. Thus there is no point in reaching to buy reserves when they will probably be available at lower prices in the not-so-distant future.

Royal Dutch/Shell has enough cash on hand to buy Unocal or Phillips without borrowing a dime and still have a billion left over.

Just imagine, then, what Royal Dutch/Shell could buy if it chose to spend not only its cash but its credit. A study in underleverage, Royal Dutch/Shell has about 15 cents in long-term debt for every dollar of equity. In the spirit of the times, van Wachem could easily leverage his assets into adequate resources to buy Occidental, Texaco, Atlantic Richfield or even Mobil, and still have a fairly clean balance sheet.

Not that such acquisitions would pass muster with antitrusters. But the arithmetic gives an idea of how rich and how liquid Royal Dutch is.

The Royal Dutch/Shell Group has a weakness: It produces only 35% of the oil it refines and markets, buying the rest from others. Exxon is by contrast 42% self-sufficient in crude oil. British Petroleum is 60% self-sufficient. Thus not even the antitrusters could object if Royal Dutch used some of its billions to buy not whole oil companies but vast additional reserves of crude oil.

In light of that, some observers are puzzled about why Royal Dutch is sitting on its cash at a time when other companies are snapping up reserves. But van Wachem thinks that the prices being paid for reserves are too high. "We never wish to succumb to the temptation to lower our investment criteria just because we have the money," he says.

Group Chairman Lodewijk van Wachem ***"Cash is not a bad problem."***

Any number of incompetent managements have tried to hide their failures behind the cloak of "we manage for the long term." But the results of several successive managements of the Royal Dutch/Shell Group have earned for van Wachem and his crew the right to boast about the company's long-term orientation. Consult any stock-price chart going back over many years. A $10,000 investment in Royal Dutch made at the end of 1965, reinvesting dividends, would today be worth $361,800. The investment's compounded annual return over that period is 16%. Annual consumer price inflation over that time: 6%. (Actually there are two ways to buy stock in the Royal Dutch/Shell Group, which is itself owned by two publicly held companies—60% by Royal Dutch Petroleum, headquartered in The Hague, and 40% by Shell Transport & Trading, headquartered in London. Both trade on the New York Stock Exchange, Royal Dutch

Gebhard Krewitt, Visum

Petroleum as ordinary shares and Shell Transport via American Depositary Receipts.)

Now compare Royal Dutch/Shell's inflation-beating stock market performance with that of rival oil giants. A $10,000 investment in Royal Dutch Petroleum made ten years ago would now be worth $89,000 (assuming reinvested dividends and no taxes paid), and the same investment in Shell Transport would be worth $77,190. Invested in Exxon, the $10,000 would have grown to $78,450 over the ten years. In Texaco the investment would be worth $50,220; in Chevron, $43,150.

Russell Hawkins of Houston money manager Fayez Sarofim & Co., whose accounts hold about 3 million Royal Dutch and Shell Transport shares, argues that the Group's willingness to think not just year to year but decade to decade is responsible for much of this performance. "Because they were thinking longer term during the very turbulent decade between 1975 and 1985," he says, "they have positioned themselves in such a way that their momentum is going to carry them for five or ten years. They're bound to do extremely well, and there's little that could hurt them."

Why, if its strategy is sound, does Royal Dutch produce a return on capital that is lower than that of rival Exxon? Since 1984 Royal Dutch and Exxon have invested about the same in capital and exploration spending, around $40 billion in total. Royal Dutch has grown faster than Exxon, but Exxon almost always earns more on capital than does Royal Dutch/Shell. Last year the Anglo-Dutch group earned just over 12% on average capital, to Exxon's 14%. Royal Dutch's return is penalized, of course, by its large holdings of cash. It is also penalized by the Group's willingness to invest in projects where the payoff is extremely long term. Says van Wachem: "It's not easy both to grow and be Top of the Pops in return on capital, because, generally speaking, new investment doesn't initially give you the returns you're looking for."

For example, Royal Dutch discovered the gigantic Troll natural gas field in the Norwegian sector of the North Sea in 1979 and is overseeing its development, which will cost $3 billion. But the gas won't start flowing until 1996 and won't reach peak deliveries until 2002. Yet much of the investment must be made today.

Producing only a third of the crude oil it needs means that Royal Dutch must buy more of its oil in the open market than, say, British Petroleum does—65% versus 40%. The difference between those figures is a lot of oil: 1.3 million barrels a day.

Because it has to buy so much crude, Royal Dutch/Shell has had to live by its wits in the buying, refining, marketing and transporting of oil. Its refining and marketing operations are highly efficient. When oil prices are depressed, as now, the margins at those operations widen. In 1988 Royal Dutch earned $1.24 for every barrel of refined product it sold. In 1983, when oil prices were much higher, it earned only 83 cents a barrel.

Clearly, were crude's price to climb again, the Anglo-Dutch firm would again be at a disadvantage to Exxon, British Petroleum and other companies that supply more of the oil they need. And now we come to the nub of Royal Dutch's long-term strategy: It is betting that oil prices are going nowhere over the next few years, and it is investing in projects that will pay off even if oil prices remain at current low levels.

In Gabon, in equatorial Africa, Royal Dutch in 1985 found the Rabi-Kounga field. This field is, in industry terms, an elephant, meaning it contains at least 400 million barrels—and, rumor has it, possibly 1 billion barrels—of oil. Royal Dutch/Shell owns 32% of Rabi-Kounga, and the field is profitable at today's prices. More recently, the Group paid $1.5 billion for properties in promising, relatively unexplored Colombia, where it has a chance to find more low-cost reserves.

Add it all up, and over the last five years the Royal Dutch/Shell Group has been adding new reserves faster than it has been using up older reserves. Over this period it has used up 5 billion barrels of its own oil and gas while adding 6.4 billion barrels in new reserves. Oilmen call the ability of a company to offset the reserves it produces its "replacement ratio." Royal Dutch's replacement ratio of 127% compares favorably against Exxon's 105%, in itself a respectable figure.

"Royal Dutch/Shell," says Albert J. Anton, an energy analyst at Carl Pforzheimer & Co., "has turned into a first-rate exploration and production company."

But note that most of this spending has been in exploration, not for buying oil reserves in the marketplace. Unlike a lot of its competitors, Royal Dutch/Shell doesn't believe that it is cheaper to drill for oil on Wall Street. In the marketplace, Arco, Conoco and others paid $7 on average for each barrel of Tenneco's reserves last year. The big British independent Enterprise Oil recently agreed to pay $1.4 billion, just under $7 a barrel, for Texas Eastern's mostly North Sea properties. In 1988 British Petroleum paid nearly $5 billion, almost eight times cash flow, for Britoil. Gas reserves, too, are changing hands: Chevron, for example, paid nearly $3 billion for Tenneco's Gulf of Mexico reserves. Amerada Hess plans to pay over $900 million for Transco Energy's mostly gas reserves.

Where in all this activity was Royal Dutch/Shell? "I can assure you we've looked at virtually everything that's been on the market, and in many cases we have bid," says van Wachem. "But I don't understand at all the [other] bids which have been made and the deals which have been consummated. We won't let ourselves be caught up in auction fever."

The Royal Dutch strategy assumes that oil prices will remain weak for a long time to come. The group's planners believe that the increase in de-

Ranking big oil

The colossus here, the Royal Dutch/Shell Group, which includes Royal Dutch Petroleum and Shell Transport & Trading, could easily engulf Phillips or Unocal, and even Mobil wouldn't be too great a stretch.

Company	Market capitalization ($mil)	Recent price	Dividend yield	Latest 12 months Revenues ($mil)	Latest 12 months Earnings per share or ADR	Reserves (in oil-equivalent barrels) Per share or ADR	Refined product sales (in barrels) Per share or ADR
Amoco	$24,305	47	4.1%	$25,377	$3.64	11.7	0.8
Atlantic Richfield	17,370	98¾	4.6	17,400	11.05	24.8	1.3
British Petroleum	26,803	60⅝	5.1	43,022	5.09	16.3	2.1
Chevron	18,665	54½	5.1	29,200	3.83	14.9	2.6
Exxon	57,689	45	5.3	89,760	3.11	10.9	1.2
Mobil	21,167	51½	5.1	54,511	4.50	17.9	2.2
Occidental Petroleum	7,431	27⅝	9.1	20,390	0.93	4.5	NA
Phillips Petroleum	5,637	23⅛	4.3	12,070	3.03	6.9	0.9
Royal Dutch Petroleum	36,120	67⅜	5.0	59,959[1]	7.17[1]	17.1[1]	2.1[1]
Shell Transport & Trading	23,409	42⅜	5.6	39,972[1]	3.96[1]	11.1[1]	1.3[1]
Texaco	14,066	53	5.7[2]	35,209	9.65	14.7	3.8
Unocal	5,573	47¼	2.1	10,951	3.8[1]	15.3	1.6

[1]Company's share of Royal Dutch/Shell Group. [2]Excludes special dividends. NA: Not applicable.

mand for oil will be modest for quite some time. This will strain OPEC's discipline. Even if OPEC maintains discipline, said John Jennings, a Royal Dutch/Shell managing director, in a speech to European oil executives in Norway, "the paradox is that the higher the price they successfully defend, the slower demand will grow, and the longer non-OPEC production will hold up." The speech was delivered last year, but it still characterizes the Group's thinking.

The upshot, predicts Jennings: "Oil prices may well stay in the $10-to-$20 range—in money of the day—until well into the 1990s. Moreover, these prices will only materialize if OPEC keeps its act together."

The strategy thus becomes clear: Why pay up for reserves? Better to invest for the very long term and, in the interim, concentrate on squeezing every drop of efficiency out of what remains a highly competitive business. Remember this: Royal Dutch/Shell has always been short of crude oil. It has compensated for this by being the world's most efficient refiner and marketer.

Van Wachem has been investing to keep those efficient refineries and marketing operations efficient. At the Pernis refinery in the Netherlands, for example, Royal Dutch/Shell is using a completely new technology to inject hydrogen into the residue left after ordinary refining of crude oil, thereby increasing the yield of high-margin products like gasoline and jet fuel and halving the output of the remaining residue to 14%. Says van Wachem: "Over time, as long as we maintain a competitive edge, we darn well should get a return on our refining investment."

Certainly the chemical business is one area where Royal Dutch/Shell is getting a healthy return. Royal Dutch's chemical operations are bigger than those of any of its oil industry rivals. Its forte is bulk chemicals such as polypropylene, used in products like car bumpers and packaging and where Royal Dutch is the world's second-largest producer. Last year the Group earned $1.8 billion in chemicals, up almost fourfold since 1984. Dow Chemical, by way of context, earned $2.4 billion.

In natural gas, too, Royal Dutch/Shell has placed its long-term bets wisely. The Group is today the world's largest private gas producer and its largest liquefied natural gas trader. In October Royal Dutch will begin delivering more than 2 million tons of LNG annually from Australia's North West Shelf to Japan, a $9 billion project five years in the works and 23% owned by Royal Dutch.

"With current crude oil prices, [the North West Shelf project's] return will be fairly modest," says van Wachem. "But it has a very, very long life span, 20 years or longer," for a handsome lifetime return. And in May the Group announced a huge project to export LNG from Nigeria to European and U.S. East Coast markets, starting in 1995.

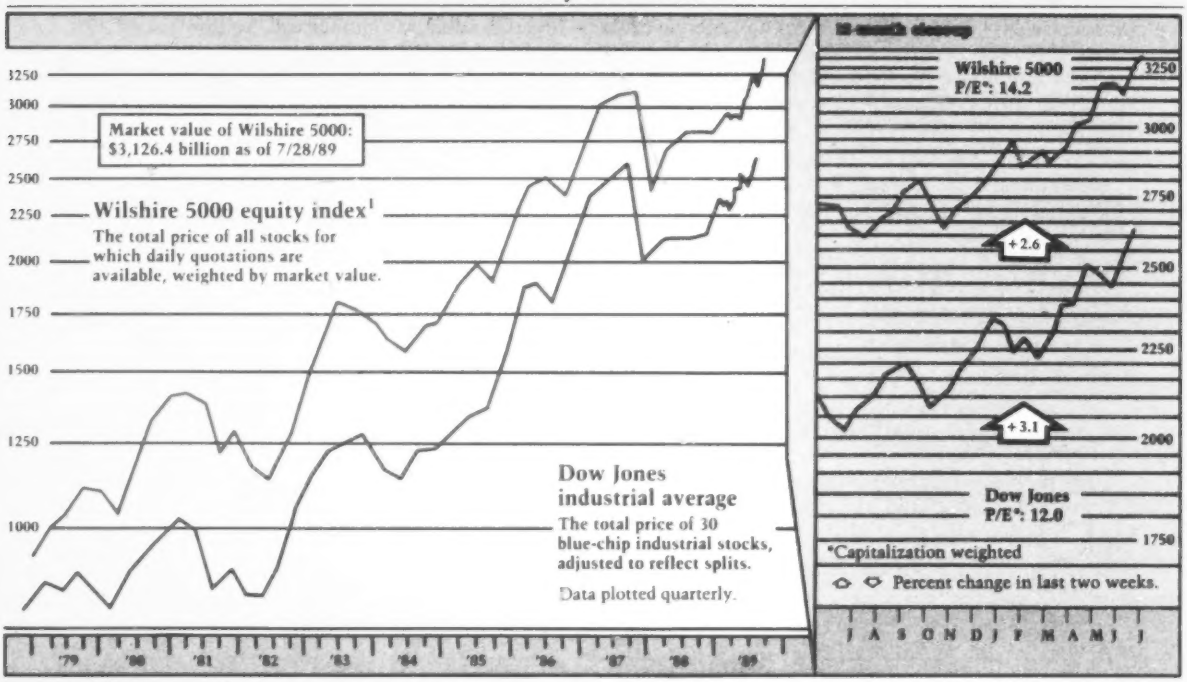
One place Royal Dutch does need to invest more capital is in the refining business of Shell Oil, the U.S. company whose last minority shares Royal Dutch/Shell bought in four years ago. Shell Oil's refining and marketing profits have begun to lag competitors'. Dean Witter analyst George Friesen estimates that even without a nasty refinery explosion, Royal Dutch would have earned only $1.35 a barrel in the U.S. last year, below Exxon's $1.64 and Mobil's $1.50. Van Wachem says the damaged refinery will be restored with state-of-the-art equipment and that other U.S. refinery modernizations are contemplated. "Acquisitions," he says, "don't necessarily appeal to me more than a sound investment based on one's own existing holdings or technology."

Over the last several years, Exxon has spent $15 billion buying in about 28% of its shares. In effect, that's what Royal Dutch/Shell did with the purchase of Shell U.S., but British and Dutch tax laws make stock buybacks of Royal Dutch Petroleum and Shell Transport unattractive. Given this restriction, Royal Dutch has settled on a policy of building cash, not stinting on attractive long-term projects—and waiting for future opportunities in a business that is likely to remain intensely competitive for years to come. A smaller company could perhaps be more opportunistic, but Royal Dutch is not a small company. Its steady-at-the-helm, never-mind-the-squalls-and-breezes approach is probably just right for a company of its size and spread.

This being so, says van Wachem, "Building up cash is not a bad problem to have." ■

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Erasing a bad dream. A slowdown in the growth of the Consumer Price Index and falling interest rates pushed the market to record levels. Trading volume on the New York Stock Exchange picked up sharply and the NYSE composite, S&P 500 and Wilshire indexes hit new highs. The Dow industrials gained over 3% in the last two weeks alone and moved within striking distance of their pre-crash peak. Two Dow issues—Exxon and Merck—raised their dividends nearly 10%. At the same time that the government announced an extension of "voluntary" steel quotas, Bethlehem Steel (another Dow stock) declared its first dividend since September 1985.

Is the market overpriced? William LeFevre, a market strategist with Advest, doesn't think so. He points out the Dow's current P/E (12) is actually lower than it was Oct. 20, 1987, the day after the 508-point massacre. At the market's peak on Aug. 25, 1987, the Dow industrials were selling at nearly 22 times earnings.

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	6.6	6.8	8.0	7.0	4.3	4.0
in last 52 weeks	23.8	23.3	23.8	24.1	22.3	16.9

Stock performance based on six key investor yardsticks[3]

Percent change	Company size		Volatility[4]		P/E multiple		Dividend yield		Growth profile[5]		Share price	
	large	small	high	low	over 22	under 8	over 4.2%	none	high	low	over $36	under $5
in last 4 weeks	6.9	3.0	4.3	3.9	4.9	3.0	2.6	3.6	4.8	3.9	3.7	2.7
in last 52 weeks	26.7	24.3	13.6	15.3	28.4	13.6	6.7	22.6	19.3	17.6	27.2	7.3

[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. [2]Based on sales. [3]Equal weighted indices containing all shares with market capitalizations over $10 million. [4]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable. [5]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

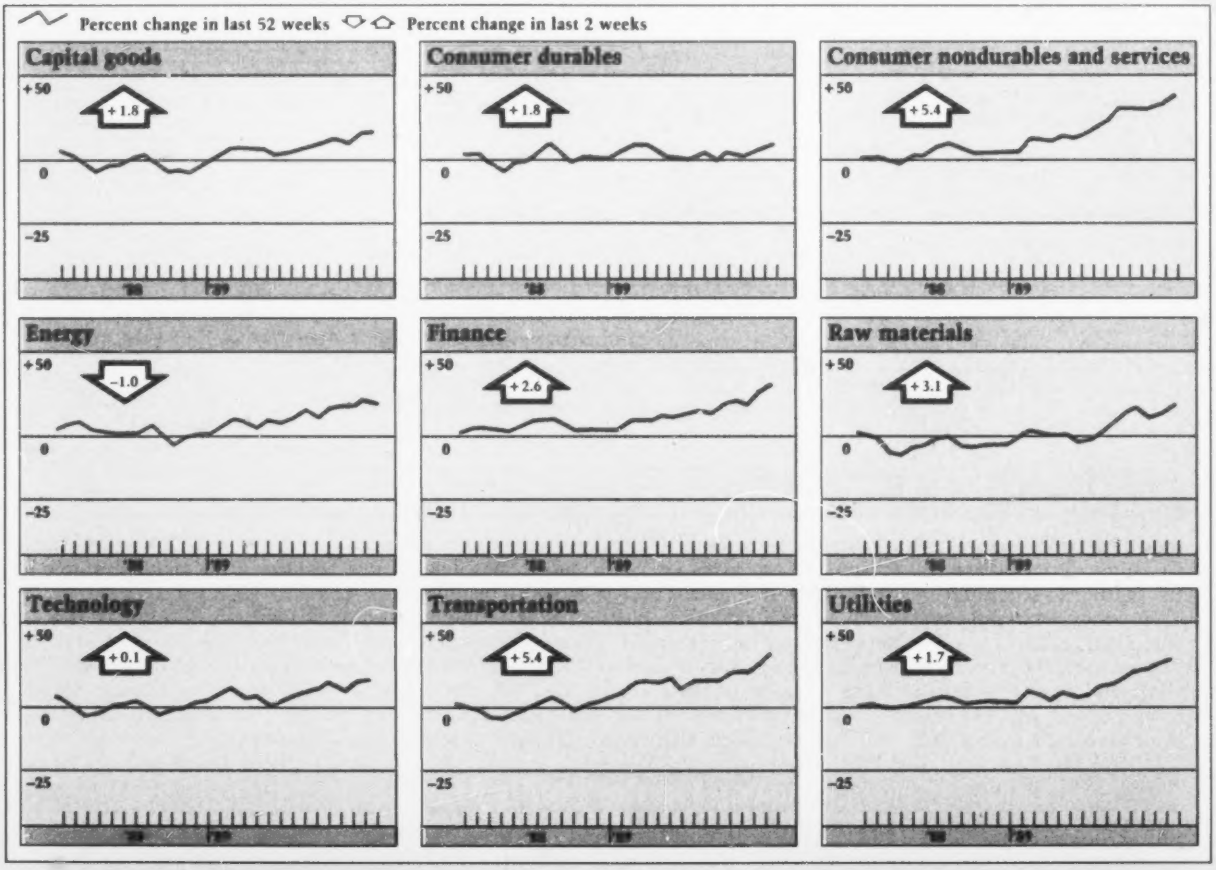
Note: All data for periods ending 7/28/89. Prepared by Wilshire Associates, Santa Monica, Calif.

Steven Ramos

Where the Action Is

Just what the doctor ordered. Another sector is hot—pharmaceuticals—and for a familiar reason: merger fever. Drug stocks led the consumer nondurables sector to a 5% gain for the recent two-week period. Marion Laboratories jumped 42% when it agreed to a partial merger with Merrell Dow Pharmaceuticals, a subsidiary of Dow Chemical. Then, on July 27, the formation of Bristol-Myers Squibb was announced; Squibb gained 39% for the two-week period.

Among the transportation issues, UAL, the holding company for United Airlines, rose 9% on takeover speculation. Transportation stocks on the whole went up over 5%.



What the Analysts Think

Sinking ship. In the last two weeks the consensus 1989 earnings estimates for the consumer durables companies nose-dived. For example, analysts responded to a 76% drop in third-quarter income for Outboard Marine Corp. by cutting their 1989 consensus estimate by 22%, from $3.67 a share to $2.87 a share. Other stocks in this group with big estimate cuts are Winnebago Industries and Thor Industries.

Forecasting the Forbes Sales 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.31	13.7
1989 estimates	3.73	12.2
1990 estimates	4.06	11.2

Rank based on change in estimate	Sector	Estimated 1989 EPS	Estimated 1989 P/E	% change in 1989 estimate in 2 weeks	% change in 1989 estimate in 4 weeks
1	Energy	$3.33	12.1	0.07%	0.39%
2	Consumer nondurables	2.60	16.6	-0.10	-0.12
3	Capital goods	2.95	14.0	-0.18	-0.50
4	Utilities	2.96	12.4	-0.18	-0.23
5	Finance	3.44	10.3	-0.83	-1.19
6	Raw materials	3.38	10.0	-0.88	-1.31
7	Technology	3.04	12.1	-1.07	-1.59
8	Transportation	2.69	12.5	-1.61	-1.66
9	Consumer durables	3.40	11.7	-2.01	-2.42

Earnings projections are capitalization-weighted consensus estimates from over 3,000 security analysts. Data are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 7/28/89. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.

The Forbes/TUCS Institutional Portfolio Report

Edited by Steve Kichen

Does it pay to have a pro manage your money? Hardly, according to recent data from the Trust Universe Comparison Service, a database maintained by Santa Monica-based Wilshire Associates. The TUCS universe of $390 billion in assets represents 25% of all private pension assets. TUCS reports that over the last five years the median equity portfolio had an annualized total return of 20.5%—before management expenses. That was only slightly better than the 20.1% return for the S&P 500. The pros' average return more comfortably beat the 19.1% return for the Wilshire index, which includes the smaller-capitalization companies that haven't been doing well in recent years. For the quarter ending June 30 the median equity portfolio showed a total return of 8.3%, against the S&P 500's 8.8%.

Managers of fixed-income portfolios have little to brag about, either. Over the five-year period they show an annualized total return of 14.4%, less than the 14.5% for the Merrill Lynch Corporate/Government index—again, before fees. The average pension fund would have done better with its bond money in a passive index fund.

The "Segment performance and cash flows" table shows the net movement of funds into and out of the typical institutional portfolio. (The effect of changes in security prices is backed out of these figures.) On balance, there was a 1.5% drain of assets from the institutional portfolio in the last quarter, as redemptions continue to exceed pension plan contributions. The one exception is cash, which shows a net increase of 5.5% for the quarter.

Nevertheless, the relative weight of cash in the portfolio fell from 10.9% in March to 9.6% in June. The table "Where the institutions put their money" does reflect the effect of changing security prices. According to George Wolfe, a vice president at Wilshire Associates, "Cash inflows increased due to profit-taking in the equity and fixed-income segment. But the returns from the other segments were so strong that their allocation in the portfolio rose at the expense of cash."

In the last quarter portfolio managers who focused on growth stocks had the best total returns. Wolfe says these portfolios had a heavier weighting of consumer nondurable issues and a light weighting of energy and utility stocks. "Growth stocks did not do well [in general], but the emphasis on consumer nondurables helped the growth managers in the institutional portfolio," he says.

How different managers performed

Manager style	Total return[3] recent quarter	12 months	24 months[4]
Diversified	7.7%	18.6%	6.7%
Growth	9.5	19.0	5.7
Growth—emerging	8.3	16.7	8.9
Market timer	7.4	16.3	6.1
Sector rotator	7.3	17.4	6.7
Value	7.1	18.7	7.9

Where the institutions put their money

Segment	Portfolio weighting—most recent quarter	previous quarter
Equity	61.9%	61.6%
Fixed income	27.9	26.8
Cash and equivalents	9.6	10.9
Convertibles	0.1	0.1
Other[1]	0.5	0.5

Equity portfolio characteristics

	Institutional portfolios	Wilshire 5000
Price/earnings ratio	14.9	13.0
Dividend yield	3.3%	3.2%
Beta[2]	1.05	1.07
Price/sales	1.28	1.37
Price/book	2.78	2.66

Segment performance and cash flows

Segment	Most recent quarter—median total return	shift in institutional holdings	Latest 12 months—median total return	shift in institutional holdings
Equity	8.3%	–1.5%	19.1%	–4.0%
Fixed income	7.4	–0.9	11.6	–3.6
Cash equiv	2.4	5.5	9.1	10.5
Convertibles	5.2	–0.1	12.1	–3.1
Other[1]	3.6	–0.1	7.3	–0.1
Total	7.0	–1.5	14.9	–4.1

Position changes: These securities had the greatest relative change in holdings over the last quarter

Security	Increase in holdings	Total quarter return	Security	Decrease in holdings	Total quarter return
Philip Morris	6.9%	16.3%	Paramount	–3.7%	24.5%
IBM	6.3	3.6	Bell Atlantic	–1.9	16.4
Eli Lilly	3.6	6.6	Sears Roebuck	–1.5	1.3
Exxon	2.6	1.6	American Brands	–1.4	6.0
General Elec	2.5	16.9	Digital Equip	–1.4	–6.9
Federal Natl Mtg	2.5	40.5	Amoco	–1.3	8.5
Texaco	2.4	3.6	Apple Computer	–1.3	16.0
El du Pont	2.2	7.4	Rockwell Intl	–1.3	–0.2
MCI	2.1	26.2	Am Info Tech	–1.3	12.6
Thiokol	2.1	3.6	Affiliated Pubs	–1.3	15.3

[1]Real estate, foreign investments, venture capital, guaranteed insurance contracts. [2]A measure of risk. A stock with a beta of 1.00 tends to move up or down at the same rate as the S&P 500. [3]Includes all forms of investments. [4]Figures for 24 months are annualized.

Note: Data for quarter ending 6/30/89. Prepared by the Trust Universe Comparison Service (TUCS®), a service of Wilshire Associates, Santa Monica, Calif.

Where the institutions are—and aren't

Most overweighted relative to Wilshire 5000			Most underweighted relative to Wilshire 5000		
	% of			% of	
Security	institutional universe	Wilshire 5000	Security	institutional universe	Wilshire 5000
Philip Morris	1.4%	1.1%	Exxon	0.6%	1.9%
Cigna	0.4	0.1	IBM	1.7	2.2
May Dept Stores	0.4	0.2	Glaxo Holdings Plc	0.0*	0.5
Alcoa	0.4	0.2	B.A.T Inds ADR	0.1	0.5
Federal Express	0.3	0.1	El du Pont de Nemours	0.5	0.9
Toys "R" Us	0.4	0.2	General Electric	1.2	1.6
JC Penney	0.4	0.2	Sony	0.0*	0.5
Xerox	0.4	0.2	Kubota	0.0*	0.4
Computer Assocs Intl	0.3	0.1	Imperial Chem Inds ADR	0.1	0.5
Union Pacific	0.4	0.2	Ito Yokado	0.0*	0.3

*Exact figure is less than 0.05%.

Herd on The Street. When the institutions love a stock, they really love it. In the last quarter they increased their holdings of Philip Morris 7%, to where Philip Morris represents 1.4% of the institutional equity portfolio but only 1.1% of the Wilshire index. Marc Cohen, an analyst at Sanford C. Bernstein & Co., recounts the arguments for the stock: "It is a company with predictable earnings growth at a time when people are concerned with an economic slowdown." Also, falling interest rates will make it easier for the company to pay off debts from the General Foods and Kraft acquisitions. Other institutionally overweighted stocks: Cigna and May Department Stores.

Sector activity and top holdings

% of institutional portfolio: ■ most recent quarter ■ previous quarter

Capital goods	5.6% 5.8%	Consumer durables	2.9% 3.3%	Consumer nondurables	31.1% 31.5%
	total return		total return		total return
General Electric	16.9%	General Motors	2.5%	Philip Morris	16.3%
Emerson Electric	11.1	Ford Motor	0.8	Merck	3.9
Westinghouse Electric	15.5	Honda Motor	–11.0	Wal-Mart Stores	17.5
Caterpillar	2.1	Chrysler	17.5	Coca-Cola	10.7
Deere & Co	6.8	Goodyear Tire & Rubber	9.0	Sears Roebuck	1.3
Energy	**8.8%** 7.9%	**Finance**	**13.3%** 12.5%	**Raw materials**	**14.1%** 14.6%
	total return		total return		total return
Amoco	8.5%	American Express	6.5%	Waste Management	15.1%
Exxon	1.6	American Intl Group	3.6	Dow Chemical	–7.6
Atlantic Richfield	5.5	Citicorp	6.1	El du Pont de Nemours	7.4
Mobil	2.1	JP Morgan	–3.1	Alcoa	7.8
Chevron	3.7	Cigna	6.3	Monsanto	13.2
Technology	**14.4%** 15.4%	**Transportation**	**2.7%** 2.9%	**Utilities**	**7.2%** 6.1%
	total return		total return		total return
IBM	3.6%	Union Pacific	6.7%	AT&T	12.0%
Digital Equipment	–6.9	Federal Express	–4.7	BellSouth	12.0
Apple Computer	16.0	Norfolk Southern	7.5	Nynex	12.8
Boeing	6.1	CSX	8.5	Bell Atlantic	16.4
Minn Mining & Mfg	6.9	Ryder Systems	5.6	GTE	17.1

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FINDING VALUE IN SMALL-COMPANY FUNDS

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ANNUAL FUND RATINGS

Cover illustration by Peter Sis

SEPTEMBER 4, 1989
VOLUME 144
NUMBER 5

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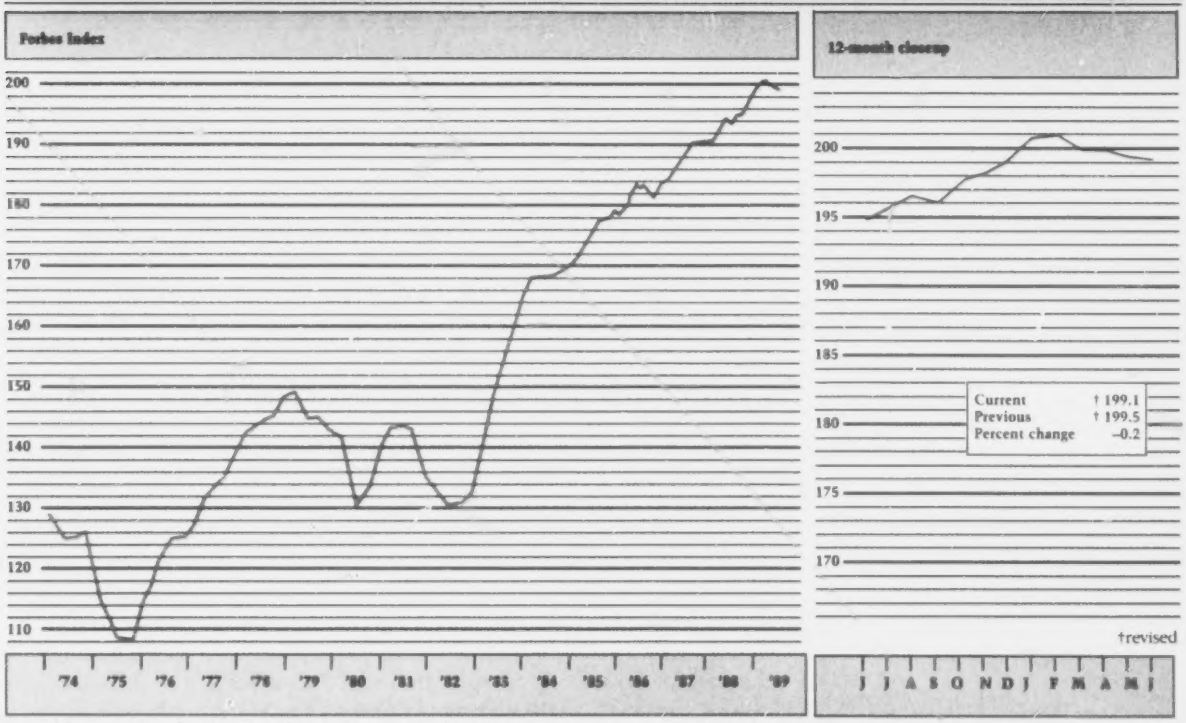
The Forbes Index



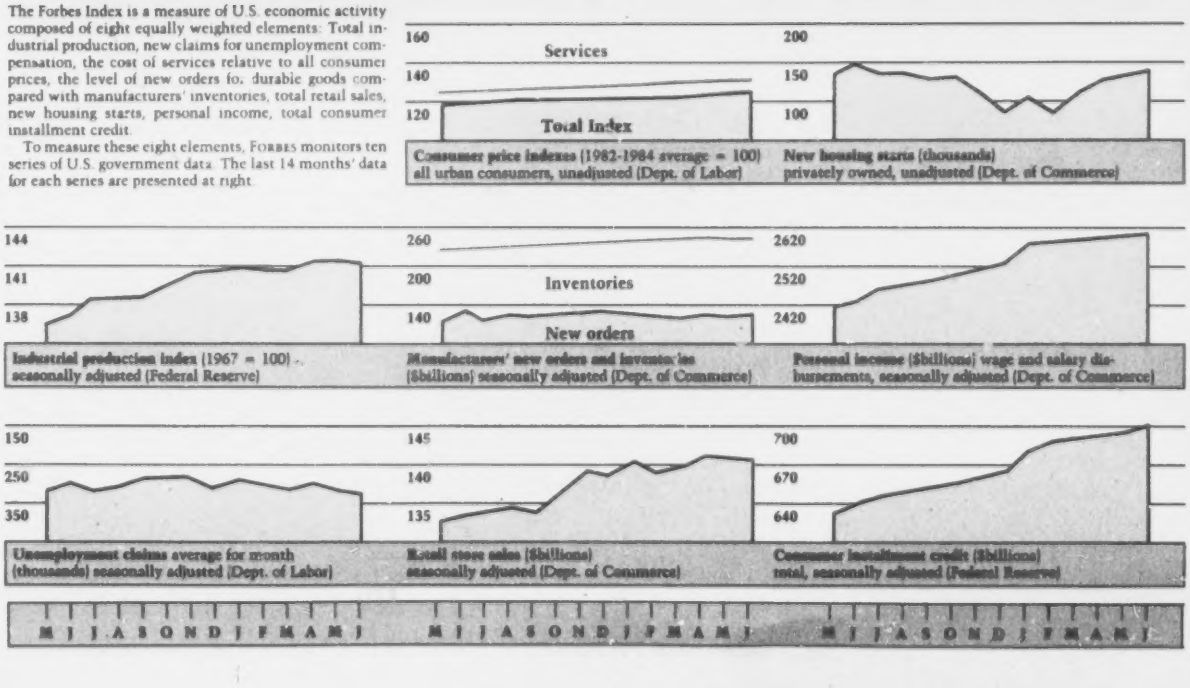
Trouble on the horizon. The July unemployment rate dipped 0.1%. After falling steadily for over six years, it appears the jobless rate has found a floor in the 5-to-5.5% range, where it's been for the last year or so. The index of leading indicators slipped 0.1% in June, the third decline in four months. And the Forbes Index hasn't posted an increase since January.

The just-reported figure for July retail sales shows a 2% jump, to a record $144 billion. Thanks to heavy incentives, auto sales made up about half this increase. This trend may not last. Conventional wisdom says sales will slump again when higher-priced 1990 models come out.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



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This list of first-class stock funds isn't at all like a list of the best gainers over the past five years. Good performance is a little more subtle than that.

The honor roll

Annual Fund Ratings

By Spyros Manolatos

FINDING A MARKET-BEATING mutual fund used to be easy. A decade ago the fund industry was pretty consistently outperforming the market. The task is harder now. In five of the last six years, the average fund has lagged the S&P 500. The last 12 months have been among the worst for the industry, with an average return for domestic stock funds 5 points behind the S&P 500 return. Bewildered by the 1987 crash, many funds underestimated the strength of the subsequent recovery.

To get on the FORBES honor roll, a fund had to deliver excellent long-term results and do so without exposing investors to excessive risk. For measuring risk we dispense with complicated statistical formulas and simply look at how well a fund holds up in bear markets. Honor roll members had to rate a B or better for down-market performance.

The resulting list of 20 funds has some familiar names—Fidelity Magellan is ubiquitous on top-performers lists—but it also includes some that you may not have heard of. The FORBES rating system is very different from the straight-line performance charts you see in other magazines. A fund could make a "best over five years" list elsewhere yet not meet our standards for consistency of results and ability to weather downturns.

We consider the simpleminded straight-line measurements used by most surveys to be virtually worthless. If the five-year period were mid-1982 to mid-1987, a wildly bullish period, then any aggressive fund could look good. But what does that tell you about the kind of fund best prepared to handle a crash? Crashes do happen. At other times, following years in which the dollar was weak, top-gainers lists included a lot of international funds. But how well do such funds do when the dollar rebounds?

Another requirement for the honor roll, new this year, is continuity of

Fund/distributor	Performance UP	Performance DOWN	Lead manager (years)	Net assets ($mil)	Maximum load	Annual expenses per $100
Bergstrom Capital[4]/closed-end	C	A	Erik Bergstrom (14)	$67	NA[7]	$1.06
Fidelity Destiny/Fidelity Distributors Corp	A+	B	George Vanderheiden (10)	1,662	NA[8]	0.65
Fidelity Equity Income/Fidelity Distributors Corp	B	A	Bruce Johnstone (19)	4,802	2%	0.63
Fidelity Magellan/Fidelity Distributors Corp	A+	B	Peter Lynch (13)	10,757	3	1.08
Franklin Growth Fund/Franklin Distributors	C	B	Jerry Palmieri (25)	116	4	0.79
Guardian Park Ave/Guardian Investors Corp	A	B	Charles Albers (18)	203	4.5	0.79
Lehman Opportunity/Shearson Lehman Hutton	A	B	Irving Brilliant (11)	111	none	1.23
Lindner/Lindner	D	A+	Robert Lange (13)	534	none	0.92
Merrill Lynch Basic Value–A[9]/Merrill Lynch Fund Distrib	B	B	Paul Hoffmann (14)	1,842	6.5	0.58
Mutual Benefit/Mutual Benefit Fin Serv	A	B	John R. Stone (9)	31	8.5	1.52p
New England Growth/New England Securities	A	B	G. Kenneth Heebner (14)	505	6.5	1.26
Nicholas Fund/Nicholas Co	B	A	Albert O. Nicholas (21)	1,264	none	0.86
Phoenix Growth/Phoenix Equity Planning	B	A	Robert Chesek (10)	633	6.9	1.04
Phoenix Stock/Phoenix Equity Planning	B	A	Robert Chesek (8)	126	6.9	1.10
Selected American Shares/Prescott, Ball & Turben	C	A	Donald Yacktman (7)	347	none	*1.11*
SLH Appreciation Fund/Shearson Lehman Hutton	B	B	Harold Williamson (9)	725	5	0.89
Sogen International/Sogen Secs	C	A+	Jean-Marie Eveillard (11)	136	3.75	*1.39*
Source Capital/closed-end	D	A+	George H. Michaelis (17)	310	NA[7]	1.00
United Income/Waddell & Reed Services	A	A	Russell Thompson (11)	1,387	8.5	0.67
United Int Growth/Waddell & Reed Services	C	A	Shreekant Pandey (9)	258	8.5	1.12

[1]Most funds have lower minimum requirements for IRAs. [2]Average of price/earnings ratios for stocks in portfolio as of 3/31/89, weighted by size of holding. Source: CDA Investment Technologies, except Source Capital and Bergstrom Capital, which are FORBES estimates. [3]Lesser of security sales or purchases, divided by average net assets. [4]From 11/30/80 through 6/30/89, before deducting loads and taxes. [5]Value on 6/30/89 of $10,000 invested 11/30/80, after load and taxes, for hypothetical upper-income investor. Assumptions: Investor has $100,000 of gross income in constant 1984 dollars, deductions equal to 20% of income—15% after 1986—and four exemptions. Loads applied at 6/30/89 rates. [6]Formerly Claremont Capital. [7]Closed-end funds have no loads, but hypothetical results column assumes a 1% brokerage

management. We want to see a portfolio manager at the job for at least two of the three market cycles over which performance is measured. (For a chart of market cycles, see page 200.)

That's a tough requirement, and it disqualifies some funds with excellent records. But it's not unreasonable. Is there any doubt that Fidelity Magellan's record would lose its luster if Peter Lynch quit as manager? Under this rule, we have to exclude funds run by committee. That meant ruling out Washington Mutual, Income Fund of America, Fundamental Investors and Growth Fund of America, all of them excellent funds run by Los Angeles' American Funds Group. Unlike individuals, committees never quit, retire or die, so there's no way of knowing whether the folks who picked last year's winning stocks are still around.

Another new rule disqualifies sector funds. We have a good reason for this rule: Our readers had a bad experience with a few gold and natural resource funds that slipped onto the honor roll in the early 1980s. The sector fund rule excludes two funds with market-beating records, Franklin Utilities and Century Shares Trust, an insurance stock fund. The honor roll is meant to highlight funds run by good stock pickers, rather than simply list the sectors that have done well over the last few years.

As in past years, we also omit from our list funds that aren't taking money from new investors. Out went Vanguard High Yield Stock and Vanguard Windsor, both run by John Neff, and also two of Michael Price's funds, Mutual Series–Qualified and Mutual Series–Mutual Shares. Investors who want a piece of these two top money managers, however, have alternatives. John Neff's closed-end Gemini II is open to all comers on the New York Stock Exchange and was in fact recently trading at a slight discount to its net asset value. Mutual Series–Beacon is a fund in the Mutual Series group still too new to be graded, but its portfolio style is very similar to that of Price's other two funds.

Our minimum for long-term performance works as follows: A fund had to turn a hypothetical $10,000 investment made in 1980 into at least $26,000 today, after taxes and loads.

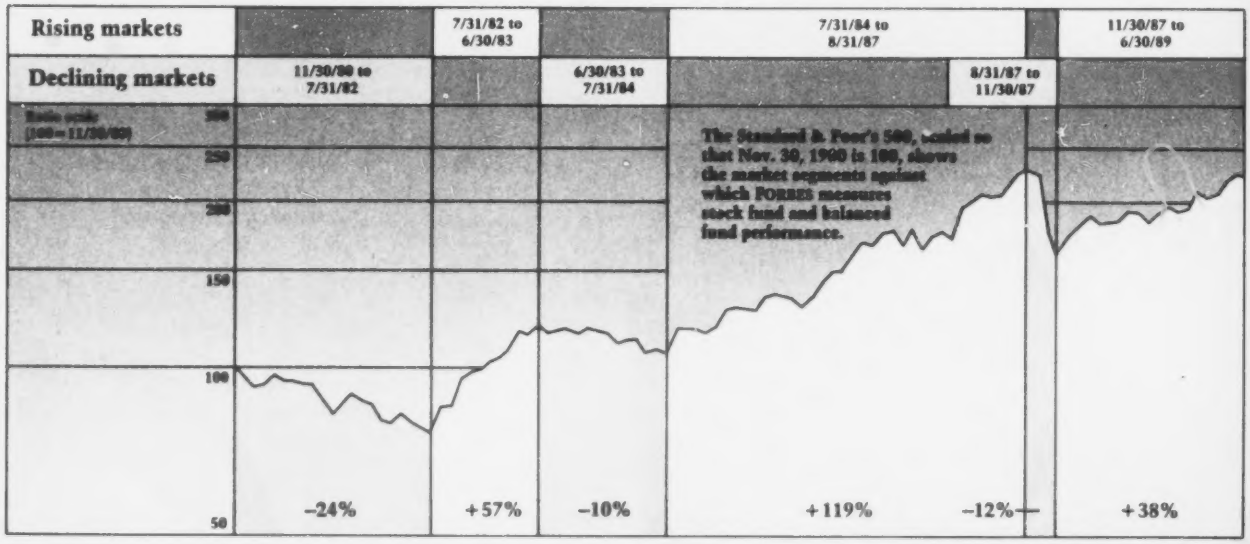
Our toughened rules—and, of course, the fact that our measurement period has shifted forward a year—meant 12 funds from last year's honor roll didn't make the cut this year. Among the newcomers is United International, which had to earn a good down-market grade against other international funds. (For comparison with other funds on this page, however, we show here its long-term performance over the three market cycles as defined for domestic funds.) Will United International make it again next year? That remains to be seen. The FORBES honor roll is hard to get on, harder still to stay on. ■

Minimum initial investment[1]	Weighted average P/E[2]	% of assets in cash	Portfolio turnover[3]	Average annual total return[4]	Hypothetical investment results[5]	Fund (consecutive years on honor roll)
none	16	8.2%	16%	18.3%	$35,188	**Bergstrom Capital** (6)
NA	12	7.1	80	19.8	31,286	**Fidelity Destiny** (7)
$1,000	14	3.1	68	18.1	28,315	**Fidelity Equity Income**
1,000	14	7.3	87	23.9	47,871	**Fidelity Magellan** (8)
100	15	4.0	0	15.0	29,563	**Franklin Growth Fund**
1,000	13	5.0	39	18.4	30,616	**Guardian Park Ave** (2)
1,000	16	9.0	17	17.8	33,489	**Lehman Opportunity**
2,000	9	16.0	18	20.1	36,840	**Lindner**
250	11	27.7	9	17.3	28,155	**Merrill Lynch Basic Value-A**
250	16	14.0	17	18.2	29,875	**Mutual Benefit**
1,000	11	0.4	283	18.0	30,431	**New England Growth** (5)
500	15	7.6	24	17.3	32,632	**Nicholas Fund** (8)
500	15	9.0	131	18.5	31,176	**Phoenix Growth**
500	17	24.0	225	17.3	27,884	**Phoenix Stock**
1,000	16	27.8	35	17.0	30,721	**Selected American Shares**
500	17	16.5	25	15.7	29,767	**SLH Appreciation Fund** (4)
1,000	15	21.2	33	18.1	28,352	**Sogen Int**
none	12	18.0	43	17.6	29,640	**Source Capital**
500	14	11.0	73	19.5	31,974	**United Income**
500	NA	15.0	193	16.7[10]	26,024[10]	**United Int Growth**

fee to buy shares. [6]Operates as a contractual plan, requiring monthly investment, with a decreasing load as investment grows. Hypothetical investment result assumes a single investment of $10,000 on 11/30/80, with a 10.77% simulated load that reflects both sales and account maintenance charges. [9]Fund has two classes of shares. Performance shown here is for Class A shares, though both classes of shares are included in net assets. [10]Shown here are hypothetical results and average annual returns for 11/80 to 6/89 for comparison with domestic funds, but in the foreign stock table the long-term performance is for the different market cycles used to measure foreign funds. p: Net of partial absorption of expenses by fund sponsor. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* NA: Not available or not applicable.

Stock funds

FORBES rates stock funds over the three market cycles shown in the chart below. To be rated, a fund must have been in existence for at least two of the market cycles, that is, since June 30, 1983. Foreign stock funds, a category that includes most gold funds, are rated separately against a different benchmark (see page 246). Performance and other data are as of June 30, 1989. For more information about a fund, call or write the distributor listed after the fund name, using the table of distributors that begins on page 284. Closed-end funds have no distributor; they can be bought and sold in the secondary market through a broker, like shares of industrial companies. The average annual total return is compounded; it and other performance numbers are calculated after deducting expenses but before sales load.



Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.8%	20.4%	3.2%				
		FORBES stock fund composite	12.1%	15.0%	2.3%				$1.58
		AARP Growth–Capital Growth/Scudder	—*	32.4%	0.3%	$146	55%	none	$1.15
		AARP Growth–Growth & Income/Scudder	—*	20.7	4.2	218	–12	none	1.05
B	D	ABT Growth & Income Trust/Palm Beach	10.6%	10.0	3.0	104	–9	4.75%	*1.21*
•A	•D	ABT Invest–Emerging Growth/Palm Beach	—*	9.8	none	20	–23	4.75	*1.84*
•D	•A	ABT Invest–Security Income/Palm Beach	—*	23.7	2.1	8	–21	4.75	*2.21*
D	A	ABT Utility Income Fund/Palm Beach	11.5	19.4	6.9	116	–2	4.75	*1.19*
B	C	Acorn Fund/Acorn	14.8	19.9	2.0	738	39	none	0.80
		Adam Investors/Conway, Luongo	—*	16.7	2.5	3	–53	none	1.99
D	B	Adams Express/closed end	12.2	13.7	2.9	512	8	NA	0.52
		Advantage Growth Fund/Advest	—*	19.0	1.4	28	1	4.00r	*2.39*
C	B	Affiliated Fund/Lord Abbett	14.8	11.9	4.8	3,469	1	7.25	0.43
F	C	Afuture Fund/Afuture	3.2	9.7	2.5	9	–9	none	1.60
D	B	Aim Equity–Charter Fund[1]/AIM	11.8	21.8	2.9	66	–6	5.50	*1.65*

• Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* r: Includes back-end load that reverts to distributor. NA: Not applicable or not available. [1]Formerly Charter Fund.

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.8%	20.4%	3.2%				
		Forbes stock fund composite	12.1%	15.0%	2.3%				$1.58
A+	F	Aim Equity–Constellation Fund[1]/AIM	9.9%	12.2%	none	$84	–18%	5.50%	*$1.40*
A+	D	Aim Equity–Weingarten Equity[2]/AIM	14.5	16.4	1.0%	340	9	5.50	*1.30*
•B	•D	Aim Summit Fund[3]/AIM	—*	14.5	1.8	214	46	**	1.04
		Alger Fund–Growth/Alger	—*	16.5	none	5	–5	5.00r	*3.37*
		Alger Fund–Small Capitalization/Alger	—*	41.9	none	8	114	5.00r	*3.32p*
		Alliance Counterpoint Fund/Alliance	—*	28.5	1.3	53	17	5.50	*1.76*
B	B	Alliance Dividend Shares/Alliance	15.4	18.0	2.8	365	6	5.50	*0.74*
B	D	Alliance Fund/Alliance	10.7	9.4	1.3	826	1	5.50	*0.78*
A+	D	Alliance Quasar Associates/Alliance	15.9	26.5	none	187	87	5.50	*1.31*
A+	•D	Alliance Technology Fund/Alliance	—*	–10.9	none	150	–24	5.50	*1.42p*
D	D	AMA Growth–Classic Growth/AMA	8.2	8.5	3.5	34	–13	none	*1.63*
		AMA Growth–Growth plus Inc/AMA	—*	12.9	2.3	11	–21	none	*1.83*
C	B	Amcap Fund/American Funds	14.7	17.2	1.9	1,902	10	5.75	*0.70*
C	A	American Capital Comstock/American Cap	15.5	17.4	2.4	907	–2	8.50	0.71
B	D	American Capital Enterprise/American Cap	9.7	19.4	1.7	570	5	5.75	0.73
C	D	American Capital Exchange Fund/‡	10.1	17.6	2.0	45	9	none	0.79
		American Capital OTC Secs/American Cap	—*	17.5	none	42	–8	5.75	1.38p
C	A	American Capital Pace Fund/American Cap	16.7	17.3	2.3	2,408	–3	5.75	0.72
D	A	American Capital Venture/American Cap	11.9	14.9	2.4	194	–15	5.75	1.02
D	A	American Growth Fund/American Growth	9.4	7.7	4.9	60	–9	8.50	1.29
C	F	American Investors Growth/Amer Investors	–1.1	24.6	0.8	65	9	8.50	*1.62p*
D	A	American Leaders Fund/Federated	16.2	10.5	4.1	149	–7	4.50	1.00p
D	A	American Mutual Fund/American Funds	16.8	15.1	4.9	2,950	13	5.75	*0.54*
B	C	American National Growth/Securities Mgmt	13.7	12.0	2.6	103	–2	8.50	1.12
D	A	American National Income/Securities Mgmt	15.1	13.9	3.8	65	–5	8.50	1.19
		American Telecom–Growth/Shearson	—*	29.5	1.1	37	15	5.00b	1.21
		American Telecom–Income/‡	—*	26.3	4.5	95	11	3.00	0.95
		AMEV Advantage–Asset Alloc/AMEV	—*	14.3	4.0	7	15	4.50	*1.95p*
		AMEV Advantage–Capital Apprec/AMEV	—*	23.8	0.8	10	281	4.50	*1.95p*
B	B	AMEV Capital Fund/AMEV	14.8	22.5	1.4	126	3	8.50	1.11
A	•C	AMEV Fiduciary Fund/AMEV	—*	23.1	0.6	30	–9	4.50	*1.55*
A	C	AMEV Growth Fund/AMEV	14.3	22.2	0.5	210	4	8.50	1.05
C	C	Amway Mutual Fund/Amway	9.9	12.2	2.4	36	1	6.50	1.30
D	A	Analytic Optioned Equity Fund/Analytic Option	11.5	14.5	8.4	111	12	none	1.13
		API Trust–Growth/Amer Pension	—*	12.6	1.4	32	12	none	*2.66p*
D	C	Armstrong Associates/Armstrong	8.2	13.2	1.4	10	–6	none	1.93

• Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* ‡Exchange fund, not currently selling new shares. **Available only through monthly contractual plan. b: Includes back-end load that reverts to fund. p: Net of partial absorption of expenses by fund sponsor. r: Includes back-end load that reverts to distributor. [1]Formerly Constellation Growth Fund. [2]Formerly Weingarten Equity Fund. [3]Formerly Summit Investor's Fund.

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Annual Fund Ratings/Stock

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return Annual average 1980 to 1989	Total return Last 12 months	Yield	Assets 6/30/89 (millions)	Assets % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.8%	20.4%	3.2%				
		Forbes stock fund composite	12.1%	15.0%	2.3%				$1.58
		Associated Planners Stock Fund/Assoc Plan	—*	20.7%	0.8%	$15	31%	4.75%	$2.04p
A	F	Axe-Houghton Stock Fund/Axe	7.8%	9.0	0.8	61	–7	none	*1.62*
		Babson Enterprise Fund/Jones & Babson	—*	17.1	0.4	73	41	none	1.37
B	D	Babson Growth Fund/Jones & Babson	11.9	16.6	2.6	266	27	none	0.81
		Babson Value Fund/Jones & Babson	—*	13.4	4.1	11	–8	none	1.11
		Baird Blue Chip Fund/Baird	—*	12.5	1.2	21	7	5.75	*1.80p*
		Baird Capital Development Fund/Baird	—*	6.3	none	20	–2	5.75	*1.90p*
C	B	Baker, Fentress & Co/closed end	13.1	21.8	2.4	475	16	NA	0.63
		Baron Asset Fund/Baron Asset	—*	33.6	0.3	31	220	2.00b,r	*2.19p*
•C	•A	Bartlett Capital–Basic Value/Bartlett	—*	15.5	4.4	107	28	none	1.23
•D	•A	Bascom Hill Investors/Madison	—*	19.5	3.9	9	15	none	1.16
D	B	Beacon Hill Mutual Fund/Beacon Hill	10.3	16.2	none	3	10	none	3.94
C	A	Bergstrom Capital[1]/closed end	18.3	26.3	2.6	67	15	NA	1.06
		Berwyn Fund/Berwyn	—*	10.0	0.6	13	15	1.00b	1.45
		Blanchard Precious Metals Fund/Sheffield	—*	–11.6	none	25	NM	none	*3.99p*
		Blanchard Strategic Growth/Sheffield	—*	10.4	1.3	248	–1	none[2]	*2.29*
		Blue Chip Value Fund/closed end	—*	10.7	6.2	72	4	NA	1.43
B	C	Boston Co Capital Appreciation/Boston Co	14.5	18.0	1.8	546	11	none	*1.31*
		Boston Co Special Growth Fund/Boston Co	—*	22.0	2.0	46	33	none	1.58
		Brandywine Fund/Brandywine	—*	12.5	0.2	148	17	none	1.15
D	B	Bridges Investment Fund/Bridges	10.4	11.3	4.5	10	6	1.00b	1.08
C	D	Bull & Bear Capital Growth/Bull & Bear	7.1	16.9	none	70	4	none	*2.30p*
D	B	Bull & Bear Equity-Income Fund/Bull & Bear	10.5	9.6	3.3	12	–16	none	*2.70*
		Calamos Convertible Income/Calamos Finl	—*	4.9	5.3	21	–16	none	1.10
		Calvert Ariel Growth Fund/Calvert	—*	19.0	0.5	92	563	4.50	*1.54*
•C	•C	Calvert Fund–Equity/Calvert	—*	16.4	0.8	7	–17	none	*1.63*
		Calvert Fund–Washington Area Gr/Calvert	—*	15.5	0.3	21	3	6.00r	*2.32*
		Calvert Social Inv–Equity/Calvert	—*	15.5	1.9	6	250	4.50	0.00p
D	B	Capital Exchange Fund/‡	11.7	7.5	1.9	70	–3	none	0.84
		Capital Income Builder/American Funds	—*	14.1	5.0	173	55	5.75r	*1.16*
		Capstone EquityGuard/Capstone	—*	6.5	3.0	5	–53	none	NA
B	A	Cardinal Fund/Ohio Co	16.5	13.8	3.6	156	20	8.50	0.66
		Carnegie-Cappiello–Growth/Carnegie	—*	31.0	1.7	60	34	4.50	*1.71*
		Carnegie-Cappiello–Total Return/Carnegie	—*	24.8	5.2	70	5	4.50	*1.71*
		Cashman Farrell Value Fund/Capstone	—*	14.1	2.4	10	14	4.75	1.50p
B	D	Central Securities/closed end	10.6	3.5	1.6	126	1	NA	0.89

• Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* ‡Exchange fund, not currently selling new shares. b: Includes back-end load that reverts to fund. p: Net of partial absorption of expenses by fund sponsor. r: Includes back-end load that reverts to distributor. NA: Not applicable or not available. NM: Not meaningful. [1]Formerly Claremont Capital Fund. [2]Flat fee of $125 on initial investment.

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Annual Fund Ratings/Stock

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.8%	20.4%	3.2%				
		Forbes stock fund composite	12.1%	15.0%	2.3%				$1.58
C	A	Century Shares Trust/Century Shares	17.3%	24.6%	3.1%	$127	10%	none	$0.87
		Champion High Yield Fund/Oppenheimer	—*	10.0	12.1	23	56	4.75%	*1.08p*
B	B	Chestnut Street Exchange Fund/‡	14.7	17.9	2.8	153	7	none	0.62
		Cigna Aggressive Growth Fund/Cigna	—*	0.8	0.4	12	–23	5.00	*1.25p*
C	C	Cigna Growth Fund/Cigna	11.1	13.2	1.7	178	–13	5.00	*0.98p*
		Cigna Utilities/Cigna	—*	24.4	5.8	37	282	5.00	*1.11p*
		Cigna Value Fund/Cigna	—*	20.0	1.7	68	12	5.00	*1.00p*
		Clipper Fund/Pacific Finl	—*	23.9	2.1	104	30	2.00b	1.20
A	C	Colonial Growth Shares Trust/Colonial	13.1	21.8	1.9	109	19	6.75	1.22p
		Colonial Small Stock Index Trust/Colonial	—*	8.0	0.4	47	4	4.75	*1.69*
D	B	Colonial Strategic Inc–Diversified/Colonial	9.2	8.1	6.4	559	–28	6.75	1.07
		Colonial Strategic Inc–Inc Plus/Colonial	—*	15.1	4.3	108	–25	6.75	1.07
		Colonial US Equity Index Trust/Colonial	—*	18.4	2.1	33	–21	4.75	*1.71*
		Colonial VIP–Agressive Growth/Colonial	—*	15.6	0.2	7	467	5.00r	*2.25p*
		Colonial VIP–Diversified Return/Colonial	—*	13.9	2.0	12	372	5.00r	*2.25p*
A	C	Columbia Growth Fund/Columbia	15.1	15.9	2.1	238	8	none	1.04
		Columbia Special Fund/Columbia	—*	32.7	none	64	140	none[1]	1.38
		Common Sense–Growth/Common Sense	—*	13.0	0.9	673	57	8.50	1.82
		Common Sense–Grow & Inc/Common Sense	—*	19.2	2.4	228	56	8.50	1.50
D	A	Commonwealth Indenture A & B/Trusteed	12.5	14.2	5.5	10	1	7.50	0.18p
D	A	Commonwealth Indenture C/Trusteed	11.4	13.4	4.6	39	1	7.50	0.74
D	A	Composite Growth Fund/Murphey Favre	14.7	15.0	2.9	72	2	4.00	*1.10*
		Composite–Northwest 50/Murphey Favre	—*	20.7	0.9	10	29	4.00	*1.64*
		Connecticut Mutual–Growth/Conn Mutual	—*	20.3	2.1	32	24	6.25	1.23
D	•A	Copley Fund/Copley	—*	17.9	none	25	2	none	NA
		Counsellors Capital Appreciation/Counsellors	—*	20.6	1.8	51	111	none	1.10p
		Counsellors Emerging Growth/Counsellors	—*	21.3	0.9	23	186	none	1.25p
		Counsellors Tandem Securities/closed end	—*	42.1	0.9	99	18	NA	1.34
C	C	Country Capital Growth Fund/Country Cap	11.9	19.9	2.5	74	9	3.00	1.00
		Cowen Income + Growth Fund/Cowen	—*	23.5	3.8	45	46	4.85	*2.12*
		Cowen Opportunity Fund/Cowen	—*	3.4	1.6	7	–27	4.85	*1.56*
		Cypress Fund/closed end	—*	–1.5	none	87	–4	NA	1.88
C	C	Dean Witter American Value/Dean Witter	10.4	17.6	2.8	91	–12	5.00r	*1.78*
•D	•D	Dean Witter Devel Grow Secs/Dean Witter	—*	–1.3	none	85	–32	5.00r	*1.90*
C	•A	Dean Witter Div Grow Secs/Dean Witter	—*	23.9	2.8	2,146	21	5.00r	*1.55*
		Dean Witter Managed Assets/Dean Witter	—*	8.0	5.9	280	209	5.00r	*1.80*

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Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Annual Fund Ratings/Stock

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.8%	20.4%	3.2%				
		Forbes stock fund composite	12.1%	15.0%	2.3%				$1.58
		Emerging Medical Technology/AMA	—*	5.6%	none	$5	–27%	4.75%	*4.29*
A	F	Engex/closed end	6.3%	1.6	none	13	2	NA	2.31
B	B	Enterprise Group–Growth/Enterprise	16.1	8.9	1.0%	48	23	5.00r	*2.50p*
		Enterprise Group–Growth & Inc/Enterprise	—*	15.6	2.4	21	250	5.00r	*2.50p*
		Equitable Funds–Growth/Equitable	—*	18.6	none	9	288	5.00r	*2.00p*
		Equitec Siebel Aggressive Growth/Equitec	—*	7.0	0.5	35	–19	5.00r	*2.34p*
		Equitec Siebel Total Return Fund/Equitec	—*	8.2	2.8	131	–14	5.00r	*2.07p*
D	•C	Equity Strategies Fund/EQSF	—*	11.6	none	49	–4	†	1.48
		Evergreen American Retirement/Lieber	—*	11.1	4.7	10	64	none	2.00
A	C	Evergreen Fund/Lieber	13.8	13.0	1.6	792	7	none	1.03p
•A	•B	Evergreen Limited Market Fund/Lieber	—*	18.7	0.2	36	42	†	1.30
D	A	Evergreen Total Return Fund/Lieber	16.5	14.3	5.7	1,369	–1	none	1.02
		Evergreen Value Timing Fund/Lieber	—*	18.5	1.6	29	24	none	1.56
		Excel Midas Gold Shares[1]/Excel	—*	–10.6	none	10	–38	4.50	*1.82p*
D	•B	Excel Value Fund[2]/Excel	—*	4.6	3.1	4	–44	4.50	*2.46p*
B	C	Exchange Fund of Boston/‡	13.4	14.0	2.0	60	5	none	0.84
B	D	Fairfield Fund/National Secs	12	–4.6	1.9	34	–23	8.50	1.24
C	•C	Fairmont Fund/Fairmont	—*	–4.6	1.5	53	–36	none	1.25
D	C	FBL–Growth Common Stock/FBL	6.9	9.1	5.7	37	–23	5.00r	*1.55*
C	C	Federated Exchange Fund/‡	12.9	14.0	2.3	97	2	none	1.08
		Federated Growth Trust/Federated	—*	18.7	1.6	139	21	none	1.01p
		Federated High Quality Stock/Federated	—*	11.6	2.7	20	–28	1.75r	*1.07p*
C	•A	Federated Stock Trust/Federated	—*	11.6	2.6	601	–6	none	0.94
		Federated Utility Trust/Federated	—*	16.8	6.0	14	45	none	1.09p
		Fidelity Blue Chip Growth Fund/Fidelity	—*	16.1	0.2	45	9	3.00r	1.81
		Fidelity Capital Appreciation/Fidelity	—*	26.8	0.8	2,185	51	3.00r	1.23
B	B	Fidelity Congress Street Fund/‡	16.5	18.4	2.7	57	4	none	0.74
A	D	Fidelity Contrafund/Fidelity	13.3	27.9	2.0	193	95	none	0.98
A+	B	Fidelity Destiny Portfolio I/Fidelity	19.8	17.9	1.9	1,662	15	**	0.65
		Fidelity Destiny Portfolio II/Fidelity	—*	16.7	0.9	143	84	**	1.00
B	A	Fidelity Equity-Income Fund/Fidelity	18.1	17.3	5.5	4,802	17	2.00	0.63
B	C	Fidelity Exchange Fund/‡	14.4	22.8	2.5	159	11	none	0.61
•A	•C	Fidelity Freedom Fund/Fidelity	—*	11.9	1.5	1,340	–1	none	1.09
B	B	Fidelity Fund/Fidelity	14.8	19.0	3.2	991	6	none	0.67
		Fidelity Growth & Income/Fidelity	—*	24.2	3.6	1,330	5	2.00	1.02
•A	•D	Fidelity Growth Company/Fidelity	—*	26.2	2.3	221	49	3.00	1.03

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Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Annual Fund Ratings/Stock

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.8%	20.4%	3.2%				
		Forbes stock fund composite	12.1%	15.0%	2.3%				$1.58
A+	B	Fidelity Magellan Fund/Fidelity	23.9%	23.5%	1.7%	$10,757	16%	3.00%	$1.08
		Fidelity OTC Portfolio/Fidelity	—*	21.0	1.4	764	–21	3.00	1.42
		Fidelity Plymouth–Growth Oppor/Fidelity	—*	18.6	0.2	23	389	4.00	*2.55p*
		Fidelity Plymouth–Income & Grow/Fidelity	—*	18.7	4.7	42	11	4.00	*2.12*
		Fidelity Real Estate Investment/Fidelity	—*	10.7	6.0	58	–19	2.00	1.28
		Fidelity Select–Air Transportation/Fidelity	—*	25.5	none	9	15	3.00r	2.52p
		Fidelity Select–American Gold/Fidelity	—*	–8.8	none	183	–12	3.00r	2.03
		Fidelity Select–Biotechnology/Fidelity	—*	16.0	none	40	–11	3.00r	2.21
		Fidelity Select–Broadcast & Media/Fidelity	—*	45.2	none	48	190	3.00r	2.66p
		Fidelity Select–Brokerage & Inv/Fidelity	—*	15.7	1.5	4	–42	3.00r	2.54p
		Fidelity Select–Capital Goods/Fidelity	—*	–0.4	none	2	–72	3.00r	2.58p
		Fidelity Select–Chemicals/Fidelity	—*	6.7	0.0	36	–77	3.00r	2.24
		Fidelity Select–Computers/Fidelity	—*	–11.7	none	10	–65	3.00r	2.56p
		Fidelity Select–Electric Utilities/Fidelity	—*	19.1	4.2	12	–52	3.00r	2.52p
		Fidelity Select–Electronics/Fidelity	—*	–13.2	none	6	–66	3.00r	2.79p
D	•C	Fidelity Select–Energy/Fidelity	—*	19.1	2.2	82	–7	3.00r	1.77
		Fidelity Select–Energy Service/Fidelity	—*	16.7	none	38	61	3.00r	2.53p
B	•B	Fidelity Select–Financial Services/Fidelity	—*	17.9	3.2	32	–1	3.00r	1.07
		Fidelity Select–Food & Agriculture/Fidelity	—*	33.9	0.3	22	131	3.00r	2.50p
A+	•D	Fidelity Select–Health Care/Fidelity	—*	17.6	0.9	172	–16	3.00r	1.41
		Fidelity Select–Industrial Materials/Fidelity	—*	–6.5	1.6	6	–87	3.00r	2.68
		Fidelity Select–Leisure/Fidelity	—*	32.3	0.0	73	23	3.00r	1.73
		Fidelity Select–Medical Delivery/Fidelity	—*	36.0	0.2	15	332	3.00r	2.48p
		Fidelity Select–Paper & Forest Prod/Fidelity	—*	–7.8	0.3	7	–61	3.00r	2.54p
D	•C	Fidelity Select–Prec Metals & Mins/Fidelity	—*	–4.2	3.9	191	–16	3.00r	1.88
		Fidelity Select–Prop & Casualty/Fidelity	—*	23.3	0.8	3	–30	3.00r	2.53p
		Fidelity Select–Region Banks/Fidelity	—*	31.9	1.8	20	62	3.00r	2.53p
		Fidelity Select–Retailing/Fidelity	—*	27.5	0.3	9	–2	3.00r	2.51p
		Fidelity Select–Savings & Loan/Fidelity	—*	29.0	1.1	15	101	3.00r	2.56p
		Fidelity Select–Software & Comp/Fidelity	—*	–2.2	none	11	–54	3.00r	2.63p
B	•D	Fidelity Select–Technology/Fidelity	—*	–6.4	none	80	–44	3.00r	1.86
		Fidelity Select–Telecom/Fidelity	—*	36.6	0.6	107	199	3.00r	2.12
D	•A	Fidelity Select–Utilities/Fidelity	—*	25.2	5.0	97	4	3.00r	1.21
		Fidelity Special Situations–Initial/Fidelity	—*	20.7	3.3	20	–1	††	0.40
		Fidelity Special Sits–Plymouth/Fidelity	—*	19.9	3.1	189	–9	4.00	*1.68*
A	D	Fidelity Trend Fund/Fidelity	12.0	21.4	1.3	833	9	none	0.47

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Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Annual Fund Ratings/Stock

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.8%	20.4%	3.2%				
		Forbes stock fund composite	12.1%	15.0%	2.3%				$1.58
		Fidelity Utilities Income/Fidelity	—*	15.6%	5.1%	$136	5%	2.00%	$1.81
A	B	Fidelity Value Fund/Fidelity	15.4%	31.0	1.5	149	65	none	1.17
C	•C	Fiduciary Capital Growth/Fiduciary Mgmt	—*	6.6	0.2	41	–7	none	1.30
A	C	Fiduciary Exchange Fund/‡	13.7	11.2	2.1	55	0	none	0.85
C	D	Financial Dynamics Fund/Financial Prog	9.0	6.3	1.6	89	–28	none	0.98
		Financial Independence–Growth/MGF	—*	10.6	2.6	10	–44	4.75	*1.70*
D	C	Financial Industrial Fund/Financial Prog	9.3	10.7	2.0	339	–5	none	0.81
C	B	Financial Industrial Income/Financial Prog	15.3	18.4	4.4	400	5	none	0.78
		Financial Strategic–Energy/Financial Prog	—*	24.4	1.2	8	13	none	1.90
		Financial Strategic–Gold/Financial Prog	—*	–14.9	1.3	28	–6	none	1.61p
		Financial Strategic–Health Sci/Financial Prog	—*	28.8	none	14	4	none	1.63
		Financial Strategic–Leisure/Financial Prog	—*	31.3	none	14	137	none	1.69
		Financial Strategic–Technology/Financial Prog	—*	0.2	none	9	–56	none	1.59
		Financial Strategic–Utilities/Financial Prog	—*	20.2	4.1	21	–22	none	1.41
		First Eagle Fund of America/First Eagle	—*	19.2	none	76	57	1.00b	*2.20*
		First Financial Fund/closed end	—*	23.8	1.9	95	20	NA	1.45
B	D	First Investors Discovery Fund/First Inv	5.0	5.5	1.1	19	–21	8.50	*1.30*
D	F	First Investors Fund for Growth/First Inv	1.8	16.5	0.8	35	–11	8.50	*1.07*
		First Investors Value Fund/First Inv	—*	–10.4	1.2	6	–38	8.50	*1.67*
		Flag Investors Corporate Cash/Brown	—*	8.7	8.7	28	–32	none	*1.30p*
		Flag Investors Emerging Growth/Brown	—*	24.8	0.3	44	167	4.50	*1.49p*
		Flag Investors Telephone Income/Brown	—*	30.4	4.9	132	26	4.50	*0.92*
		Flex-funds–Growth Fund/Flex	—*	4.8	5.7	33	113	none	*1.50*
		Flex-funds–Income & Growth Fund/Flex	—*	11.4	7.6	2	–43	none	*1.00p*
A	F	44 Wall Street Equity Fund/44 Secs	–2.7	22.5	none	4	–9	1.00	4.14
D	F	44 Wall Street Fund/44 Secs	–16.7	24.1	none	7	5	0.25r	9.24
B	C	Founders Blue Chip/Founders Asset	13.2	26.2	2.5	207	19	none	*1.00*
F	A+	Founders Equity Income Fund/Founders Asset	13.0	20.0	4.8	14	8	none	*1.64*
		Founders Frontier Fund/Founders Asset	—*	31.3	none	26	208	none	*1.89*
B	C	Founders Growth Fund/Founders Asset	13.6	27.5	1.6	79	22	none	*1.38*
A	D	Founders Special Fund/Founders Asset	10.9	27.4	0.5	83	8	none	1.12
B	C	FPA Capital Fund/Angeles Secs	12.0	8.5	1.5	73	7	6.50	0.92
B	A	FPA Paramount Fund/Angeles Secs	17.9	12.5	2.7	204	47	††	0.98
		FPA Perennial Fund/Angeles Secs	—*	17.6	3.5	52	–2	6.50	1.17
C	C	Franklin DynaTech Fund/Franklin	9.3	8.3	0.6	33	–14	4.00	0.90
A	D	Franklin Equity Fund/Franklin	12.9	11.5	1.5	381	12	4.00	0.73

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Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Annual Fund Ratings/Stock

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return Annual average 1980 to 1989	Total return Last 12 months	Yield	Assets 6/30/89 (millions)	Assets % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.8%	20.4%	3.2%				
		Forbes stock fund composite	12.1%	15.0%	2.3%				$1.58
C	B	Franklin Growth Fund/Franklin	15.0%	11.2%	2.1%	$116	6%	4.00%	$0.79
		Franklin Mngd Trust Rising Divs/Franklin	—*	14.3	3.1	37	11	4.00	*1.62p*
D	B	Franklin Option Fund/Franklin	11.2	16.7	2.9	46	–1	4.00	0.83
D	A+	Franklin Utilities Fund/Franklin	17.7	12.5	7.4	623	0	4.00	0.64
		Freedom Equity Value Fund/Freedom Capital	—*	12.5	1.0	22	50	3.00r	*2.47*
		Freedom Inv–Gold & Govt/Freedom Capital	—*	8.4	5.4	64	–24	3.00r	*1.79*
		Freedom Inv–Regional Bank/Freedom Capital	—*	20.0	1.3	70	56	3.00r	*2.05*
		Fund Alabama/closed end	—*	—*	—*	7	—	NA	1.82p
C	B	Fund of America/American Cap	13.6	9.8	1.9	178	–4	5.75	0.96
C	D	Fund of the Southwest/Capstone	8.1	28.6	0.7	15	4	4.75	1.50
A	B	Fundamental Investors/American Funds	17.1	17.6	2.8	704	6	5.75	*0.68*
		FundTrust–Aggressive Growth/Furman Selz	—*	13.5	none	21	–27	1.50	*1.95p*
		FundTrust–Growth/Furman Selz	—*	14.9	0.7	33	–33	1.50	*1.85p*
		Gabelli Asset Fund/Gabelli	—*	30.4	1.3	266	141	2.00b	*1.31p*
		Gabelli Equity Trust/closed end	—*	39.0	4.8	602	24	NA	1.25
		Gabelli Growth Fund/Gabelli	—*	30.6	0.3	43	590	2.00b	*2.30p*
		Gateway Growth Plus Fund/Gateway	—*	12.1	0.8	7	79	none	1.54p
F	A	Gateway Option Index Fund/Gateway	9.5	14.5	1.9	28	–3	none	1.45
		General Aggressive Growth/Dreyfus	—*	11.0	1.4	39	–12	none	*1.74p*
B	C	General American Investors/closed end	12.0	15.3	1.5	341	5	NA	1.14
D	B	General Securities/Craig-Hallum	12.6	13.2	4.8	19	6	none	1.46
		Gintel Capital Appreciation Fund/Gintel	—*	23.4	0.9	32	40	none	*2.20*
D	•A	Gintel Erisa Fund/Gintel	—*	14.3	2.2	86	8	none	*1.30*
C	•B	Gintel Fund/Gintel	—*	19.6	2.4	90	8	none	1.60
•B	•F	GIT Equity Trust–Special Growth/GIT	—*	17.2	2.0	20	22	none	1.50
		Gradison Established Growth/Gradison	—*	13.6	2.8	106	32	none	*1.45*
		Gradison Opportunity Growth/Gradison	—*	9.4	1.7	21	11	none	*1.84*
		Greenspring Fund/Greenspring	—*	10.7	9.5	25	19	none	1.29
B	B	Growth Fund of America/American Funds	15.3	21.1	1.5	1,464	30	5.75	*0.71*
		Growth Fund of Washington/Washington	—*	22.4	1.6	58	13	5.00	*1.76*
C	C	Growth Industry Shares/Growth Industry	11.2	13.3	1.3	64	–3	none	0.93
		Growth Stock Outlook Trust/closed end	—*	8.1	4.1	126	–6	NA	1.46
A	B	Guardian Park Ave Fund/Guardian	18.4	15.8	2.7	203	10	4.50	0.79
		Hampton Utils–Capital Shares/closed end	—*	14.0	3.0	11	12	NA	1.14
B	D	John Hancock Growth Trust/Hancock	9.9	18.5	1.4	114	3	8.50	1.06
		John Hancock Special Equities/Hancock	—*	15.0	0.9	12	–6	8.50	1.50p

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Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Nicholas.

Nothing Slick, Nothing Trendy. Just Hard Work and Consistent Results.

N

I am interested in the following:
☐ Nicholas Fund
☐ Nicholas II
☐ Nicholas Limited Edition
☐ Nicholas Income Fund
☐ Nicholas Money Market Fund

For complete information, including management fees and expenses, please write or call for a prospectus. Read it carefully before you invest or send money.

Name _____
Address _____
City _____
State _____ Zip _____

Annual Fund Ratings/Stock

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield
		Standard & Poor's 500 stock average	14.8%	20.4%	3.2%
		Forbes stock fund composite	12.1%	15.0%	2.3%
		H&Q Healthcare Investors/closed end	—*	9.0%	0.2%
		Harbor Growth Fund/HCA Securities	—*	10.8	0.9
		Harbor US Equities/HCA Securities	—*	13.7	1.4
		Harbor Value/HCA Securities	—*	31.1	3.0
A+	F	Hartwell Emerging Growth/Hartwell	7.9%	10.3	none
A+	D	Hartwell Growth Fund/Hartwell	12.3	25.5	none
		Heartland Group–Value Fund/Dain Bosworth	—*	11.7	0.8
		Heritage Capital Appreciation/Heritage	—*	27.3	0.4
		Hidden Strength–Conserve Asset/Wood Logan	—*	7.3	2.2
		Hidden Strength–Growth/Wood Logan	—*	13.8	none
		HT Insight–Convertible Fund/HT	—*	13.0	6.4
		HT Insight–Equity Fund/HT	—*	14.9	2.5
		Wayne Hummer Growth Fund/Hummer	—*	10.5	1.6
		IAI Apollo/IAI Funds	—*	18.7	0.8
A	B	IAI Regional Fund/IAI Funds	16.1	18.1	1.8
C	B	IAI Stock Fund/IAI Funds	14.5	16.6	1.9
		IDEX Fund/Idex	—*	36.8	1.4
		IDEX II/Idex	—*	38.0	1.6
		IDEX Fund 3/Idex	—*	34.5	1.3
C	•D	IDS Discovery Fund/IDS	—*	4.6	1.4
B	C	IDS Equity Plus/IDS	12.5	10.2	3.7
A	D	IDS Growth Fund/IDS	12.6	20.9	1.1
		IDS Managed Retirement Fund/IDS	—*	17.0	2.4
A	B	IDS New Dimensions Fund/IDS	15.6	13.8	1.3
		IDS Precious Metals Fund/IDS	—*	–9.0	1.8
C	B	IDS Progressive Fund/IDS	14.1	14.9	3.3
D	B	IDS Stock Fund/IDS	12.6	17.5	3.2
		IDS Strategy–Aggressive Equity/IDS	—*	17.7	none
		IDS Strategy–Equity/IDS	—*	19.4	3.4
		IMG Stock Accumulation/Investors Mgmt	—*	17.0	2.5
		Integrated Capital Appreciation/Integrated	—*	20.2	1.2
		Integrated Equity–Aggres Grow/Integrated	—*	18.8-	none
		Integrated Equity–Growth/Integrated	—*	19.6	5.3
		Integrated Multi-Asset–Total Rt/Integrated	—*	16.3	2.7
B	B	Investment Co of America/American Funds	16.9	19.6	3.8
		Investment Port–Diversified Inc/Kemper	—*	8.2	14.1

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Assets 6/30/89 (millions)	Assets % change '89 vs '88	Maximum sales charge	Annual expenses per $100
			$1.58
$50	11%	NA	$1.96
136	13	none	1.06
56	22	none	0.99
20	91	none	1.40p
24	–15	3.00%	3.10
18	–6	3.00	3.20p
33	5	4.50	1.70
57	26	4.00	2.00p
9	117	4.75	2.15p
33	–1	4.75	2.39
20	47	4.50	0.62p
15	–41	4.50	1.00p
22	2	none	1.50p
29	26	none	1.00p
105	15	none	1.00p
72	–12	none	0.90p
79	20	††	1.50
78	20	††	1.46
76	81	8.50	1.37p
156	–21	5.00	0.66
371	–7	5.00	0.68
673	2	5.00	0.64
681	–10	5.00	0.94
692	2	5.00	0.87
92	–23	5.00	1.33
184	–4	5.00	0.77
1,292	0	5.00	0.58
269	2	5.00r	1.69
264	38	5.00r	1.65
6	–6	5.00	1.57
242	13	5.00r	2.35
51	168	4.75	1.88
41	27	4.75	1.86
36	135	4.75	1.95
4,802	16	5.75	0.48
381	–14	5.00r	2.12

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

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*The fund is ranked #1 out of 363 funds, #1 out of 427 funds, #16 out of 683 funds and #112 out of 1582 funds for 15, 10, 5 and 1 year performance for periods ending 6/30/89 according to Lipper Analytical Services, Inc., an independent mutual fund performance monitor.

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Annual Fund Ratings/Stock

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.8%	20.4%	3.2%				
		Forbes stock fund composite	12.1%	15.0%	2.3%				$1.58
		Investment Port–Equity/Kemper	—•	20.4%	1.1%	$268	–4%	5.00%r	*$2.24*
D	D	Inv Tr of Boston Grow Opp[1]/Inv Trust	8.2%	16.3	3.2	60	1	4.25	*1.33*
A	D	Investors Research Fund/Diversified	11.1	3.8	3.2	69	–12	8.50	0.76
F	A	ISI Growth Fund/Sigma	6.6	–5.9	2.2	10	–15	6.00	1.63p
F	A+	ISI Trust Fund/Sigma	10.2	13.4	5.6	103	4	6.00	0.82p
C	A	Ivy Growth Fund/Ivy	16.8	17.4	2.5	184	1	none	1.35
C	A	Janus Fund/Janus	16.7	37.0	3.8	494	27	none	0.96
		Janus Twenty Fund[2]/Janus	—•	36.4	6.3	24	87	none	1.88
		Janus Venture Fund/Janus	—•	26.8	4.5	49	47	none	1.28
D	B	JP Growth Fund/Jefferson-Pilot	13.0	12.7	2.2	25	–1	6.75	0.88
		Kaufmann Fund/Kaufmann	—•	39.2	none	31	NM	0.20b	*2.00p*
		Kemper Blue Chip Fund/Kemper	—•	6.7	3.6	23	15	4.50	*2.03*
D	A	Kemper Diversified Income Fund[3]/Kemper	8.9	9.9	16.0	329	–19	8.50	0.93
B	D	Kemper Growth Fund/Kemper	11.5	16.2	2.6	297	2	8.50	0.84
A	D	Kemper Summit Fund/Kemper	11.4	10.8	1.2	248	–10	8.50	0.64
C	D	Kemper Technology Fund[4]/Kemper	8.5	2.0	2.4	511	–10	8.50	0.70
		Keystone America Equity Income/Keystone	—•	17.4	4.3	22	–1	4.00r	*1.47p*
		Keystone America Fund of Grow Stk/Keystone	—•	14.1	1.4	5	6	4.00	*2.00p*
B	D	Keystone America Omega[5]/Keystone	8.4	15.9	0.7	36	2	4.00r	*1.78p*
B	D	Keystone Custodian K-2/Keystone	10.7	15.4	2.5	333	–3	4.00b	*1.39*
C	C	Keystone Custodian S-1/Keystone	10.1	15.9	2.6	177	–10	4.00b	*1.93*
B	D	Keystone Custodian S-3/Keystone	11.5	14.6	1.4	249	–7	4.00b	*1.41*
A	F	Keystone Custodian S-4/Keystone	5.0	12.1	none	478	–3	4.00b	*1.27*
		Kidder, Peabody Equity Income/Kidder	—•	15.3	3.5	55	–24	5.00r	*1.97*
		Kidder, Peabody MarketGuard I/Kidder	—•	13.6	5.6	24	–52	4.00[6]	1.16
		Kidder, Peabody Special Growth/Kidder	—•	21.5	1.8	16	–19	5.00r	*2.62*
		Landmark Capital Growth Fund/Landmark	—•	13.1	1.6	9	–25	none	*3.19*
		Landmark Growth & Income/Landmark	—•	14.3	3.8	10	–15	none	*2.92*
		Legg Mason Special Investment/Legg Mason	—•	20.6	0.1	55	17	none	*2.26*
		Legg Mason Total Return Trust/Legg Mason	—•	14.1	1.7	29	–16	none	*2.40*
•B	•B	Legg Mason Value Trust/Legg Mason	—•	16.6	1.6	763	8	none	*1.84p*
A	B	Lehman Capital Fund/Shearson	15.6	10.6	none	70	–18	5.00	1.27p
C	B	Lehman Corp/closed end	13.0	16.4	3.1	975	10	NA	0.47
C	B	Lehman Investors Fund/Shearson	13.8	16.4	3.1	388	4	5.00	0.67
A	B	Lehman Opportunity Fund/Shearson	17.8	22.5	2.0	111	18	none	1.23

• Fund rated for two periods only; maximum allowable grade A. •Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (bidder load) pending or in force.* b: Includes back-end load that reverts to fund. p: Net of partial absorption of expenses by fund sponsor. r: Includes back-end load that reverts to distributor. NA: Not applicable or not available. NM: Not meaningful. [1]Formerly Investment Trust of Boston. [2]Formerly Janus Value Fund. [3]Formerly Kemper Option Income Fund. [4]Formerly Technology Fund. [5]Formerly Omega Fund. [6]Fund shares offered twice a year, in June and December.

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Annual Fund Ratings/Stock

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.8%	20.4%	3.2%				
		Forbes stock fund composite	12.1%	15.0%	2.3%				$1.58
D	C	Lepercq-Istel Fund/Lepercq	5.8%	16.1%	3.8%	$22	3%	none	*$1.50*
A+	C	Lexington Corp Leaders Trust/Lexington	15.4	37.2	2.9	84	9	4.00	0.26
D	•B	Lexington Goldfund/Lexington	—*	–8.9	1.0	91	–7	none	1.60
B	D	Lexington Growth Fund/Lexington	7.4	12.8	1.2	28	–3	none	1.33
C	C	Lexington Research Fund/Lexington	12.6	17.6	3.0	123	5	none	1.10
		Lexington Technical Strategy/Lexington	—*	19.8	2.3	6	21	5.00%	2.01
		Liberty All-Star Equity Fund/closed end	—*	18.8	9.5	487	8	NA	1.33
		Lindner Dividend Fund/Lindner	—*	16.5	5.6	120	95	none	0.97
D	A+	Lindner Fund/Lindner	20.1	16.5	3.5	534	32	none	0.92
		LMH Fund/Heine Mgmt	—*	20.5	3.8	38	–5	none	1.57p
A+	B	Loomis-Sayles Capital Devel/New England	19.9	9.2	3.6	193	–11	††	0.92
D	D	Lord Abbett Developing Growth/Lord Abbett	5.8	–2.7	0.4	141	–27	7.25	1.08
		Lord Abbett Fundamental Value/Lord Abbett	—*	11.8	1.6	19	–18	7.25	*1.69*
•B	•C	Lord Abbett Value Appreciation/Lord Abbett	—*	6.9	3.1	200	–15	7.25	1.10
		Lowry Market Timing Fund/Transamerica	—*	4.7	2.8	21	–27	4.75	*1.90p*
D	A	Lutheran Brotherhood Fund/Lutheran	15.0	18.0	2.5	279	4	5.00	1.08p
		Mackay-Shields Gold & Prec Met/NYLife	—*	–6.7	3.4	7	8	5.00r	*4.00p*
		MacKay-Shields MainStay–Cap App/NYLife	—*	12.0	none	32	1	5.00r	*2.70*
		MacKay-Shields MainStay–Value/NYLife	—*	22.8	1.1	23	32	5.00r	*2.90*
		MacKay-Shields Total Return/NYLife	—*	12.0	3.7	18	89	5.00r	*3.40*
		Mackenzie American Fund/Mackenzie	—*	10.7	2.4	44	40	8.50	1.48
C	C	Mairs & Power Growth Fund/Mairs & Power	12.4	11.7	1.7	21	–1	none	1.11
D	A	Mairs & Power Income Fund/Mairs & Power	14.5	11.7	5.0	7	12	none	1.22
B	C	Horace Mann Growth Fund/Mann	12.0	15.7	2.0	93	5	†	0.64
B	C	Mass Capital Development Fund/Mass Finl	12.3	19.2	2.2	798	–5	7.25	0.86
B	D	Mass Financial Development/Mass Finl	11.7	15.0	2.9	235	–3	7.25	0.95
A+	•D	Mass Financial Emerging Growth/Mass Finl	—*	10.0	none	217	–12	7.25	1.65
•A	•D	Mass Financial Special Fund/Mass Finl	—*	21.2	2.0	123	1	7.25	1.41
C	C	Mass Investors Growth Stock/Mass Finl	11.4	21.1	0.8	864	4	7.25	0.62
B	C	Mass Investors Trust/Mass Finl	12.7	19.8	3.0	1,275	6	7.25	0.55
		MassMutual Integrity–Cap App/Mass Mut	—*	11.7	2.5	13	97	4.50	NA
		MassMutual Integrity–Valued Stk/Mass Mut	—*	11.1	3.2	33	26	4.50	*1.19*
C	C	Mathers Fund/Mathers	11.7	6.7	2.0	219	15	none	0.98
B	D	Medical Technology Fund/AMA	9.0	9.4	none	33	–20	none	*2.37*
F	A	Meeschaert Capital Accum/Meeschaert	8.3	13.6	3.8	38	2	4.00b,r	*1.03*
		Meeschaert Gold & Currency/Meeschaert	—*	–11.4	none	34	–10	4.00b,r	*1.25*

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Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Annual Fund Ratings/Stock

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 ($millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.8%	20.4%	3.2%				
		Forbes stock fund composite	12.1%	15.0%	2.3%				$1.58
		The Merger Fund[1]/Westchester	—*	12.0%	0.9%	$10	7%	none	*$3.00*
		Meridian Fund/Meridian	—*	16.7	none	10	–9	none	2.00p
B	B	Merrill Lynch Basic Value-A[2]/ML Funds	17.3%	16.4	3.7	1,842	71	6.50%	0.58
C	A	Merrill Lynch Capital Fund[2]/ML Funds	16.8	16.2	3.0	847	27	6.50	0.64
		Merrill Lynch Fund Tomorrow-B[2]/ML Funds	—*	24.4	1.2	582	–7	4.00r	*1.96*
		Merrill Lynch Natural Resources-B[2]/ML Funds	—*	–2.7	1.6	478	–36	4.00r	*1.82*
		Merrill Lynch Retire Equity-B[2]/ML Funds	—*	28.3	1.2	480	–14	4.00r	*2.00*
D	D	Merrill Lynch Special Value-A[2]/ML Funds	5.4	4.1	1.9	84	–23	6.50	1.20
		Merrill Lynch Strategic Div-B[2]/ML Funds	—*	15.4	4.4	273	81	4.00r	*2.08*
		MetLife-State Street Cap Apprec/MetLife	—*	18.1	0.2	34	13	4.50	*1.50p*
		MetLife-State Street Equity Inc/MetLife	—*	16.9	5.2	40	33	4.50	*1.50p*
		MetLife-State Street Equity Inv/MetLife	—*	15.9	2.9	24	–4	4.50	*1.50p*
		MFS Lifetime Capital Growth/Mass Finl	—*	17.3	1.2	173	32	6.00r	*2.17p*
		MFS Lifetime Dividends Plus/Mass Finl	—*	12.8	5.7	172	19	6.00r	*2.14p*
		MFS Lifetime Emerging Growth/Mass Finl	—*	3.1	none	73	–9	6.00r	*2.30p*
		MFS Lifetime Managed Sectors/Mass Finl	—*	23.2	1.2	160	–1	6.00r	*2.13p*
		MFS Managed Sectors Trust/Mass Finl	—*	24.5	1.5	125	–17	4.75	*1.48p*
D	B	MidAmerica High Growth Fund/MidAmerica	11.7	14.6	2.8	12	2	5.75	1.00p
D	A	MidAmerica Mutual Fund/MidAmerica	13.4	11.7	4.0	35	1	5.75	1.00p
		Mimlic Investors Fund I/Mimlic	—*	15.4	2.0	11	29	5.00	1.00p
		Monitrend Value Fund/Pallas	—*	5.5	5.8	13	–35	3.50	*2.50p*
		Morgan Grenfell SmallCap Fund/closed end	—*	4.2	none	50	4	NA	2.56
		Morgan Keegan Southern Cap/Morgan Keegan	—*	8.0	3.7	9	–31	3.00	*2.00p*
A	B	Mutual Benefit Fund/Mutual Benefit	18.2	28.2	1.7	31	57	8.50	*1.52p*
C	C	Mutual of Omaha Growth/Mutual of Omaha	11.4	22.3	0.7	43	8	8.00	1.24
		Mutual Series–Beacon/Heine Secs	—*	19.2	4.2	333	62	none	0.60p
C	A+	Mutual Series–Mutual Shares/Heine Secs	18.5	19.2	5.8	3,414	54	††	0.67p
C	A+	Mutual Series–Qualified/Heine Secs	20.8	19.0	4.5	1,481	58	††	0.62p
B	D	National Aviation & Technology/AFA	10.8	35.3	1.1	86	22	4.75	1.38
D	D	National Growth Fund/National Secs	4.2	–1.9	3.8	51	–13	7.25	1.05
D	C	National Industries Fund/Stonebridge	4.9	9.4	1.0	29	0	none	0.85
		National Real Estate–Stock/National Secs	—*	4.2	6.8	24	16	7.75	*1.50p*
C	B	National Stock Fund/National Secs	12.2	21.6	3.4	233	5	7.25	0.89
•D	•D	National Telecom & Technology/AFA	—*	8.0	0.8	43	–4	4.75	1.75
C	B	Nationwide Fund/Nationwide	15.4	20.0	3.0	434	8	7.50	0.64
B	B	Nationwide Growth Fund/Nationwide	17.3	16.5	1.8	255	11	7.50	0.68

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Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Annual Fund Ratings/Stock

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.8%	20.4%	3.2%				
		Forbes stock fund composite	12.1%	15.0%	2.3%				$1.58
D	•D	Nautilus Fund/Eaton Vance	—*	–3.4%	none	$13	–16%	4.75%	$1.87p
B	C	Neuberger & Berman Guardian[1]/Neuberger	14.6%	17.0	2.6%	556	4	none	0.84
A	C	Neuberger & Berman Manhattan[2]/Neuberger	15.7	20.3	1.5	382	–8	none	1.20
D	A	Neuberger & Berman Partners[3]/Neuberger	15.9	17.5	3.4	743	3	none	0.97
D	C	Neuberger & Berman Select Energy[4]/Neuberger	8.5	19.8	2.6	412	6	none	1.01
A	D	Neuwirth Fund/National Fin	9.9	16.9	0.1	29	8	none	1.92
•D	•C	New Alternatives Fund/Accrued Eq	—*	21.7	1.6	9	63	5.66	1.24
		New Economy Fund/American Funds	—*	23.4	2.0	805	8	5.75	*0.81*
D	A	New England Equity Income/New England	13.4	10.5	3.2	58	12	6.50	*1.52*
A	B	New England Growth Fund/New England	18.0	7.2	2.9	505	4	6.50	*1.26*
C	A	New England Retirement Equity/New England	14.7	9.0	3.7	139	–3	6.50	*1.29*
A	C	New York Venture Fund/Venture	16.6	24.6	2.4	299	80	4.75	*1.01*
B	D	Newton Growth Fund/Newton	10.9	6.6	1.9	34	–12	none	1.27
D	D	Niagara Share Corp/closed end	7.7	12.3	3.1	214	11	NA	1.25
		Nicholas Applegate Growth Eq/closed end	—*	10.1	none	94	8	NA	1.13
B	A	Nicholas Fund/Nicholas	17.3	17.3	2.8	1,264	10	none	0.86
		Nicholas II/Nicholas	—*	12.8	1.6	397	0	none	0.78
		Nicholas Limited Edition/Nicholas	—*	13.5	0.8	45	63	none	1.32
C	C	Northeast Investors Growth/Northeast Inv	11.2	19.4	1.6	22	9	none	1.74p
		Oberweis Emerging Growth/Oberweis	—*	1.5	none	15	–30	5.00b	*2.00p*
D	B	Old Dominion Investors' Trust/Investors Secs	12.2	15.8	7.2	6	11	8.50	1.66
		Olympic Trust–Equity Income/Olympic	—*	21.9	4.3	47	61	none	*1.00p*
		Olympic Trust–Small Cap Fund/Olympic	—*	–0.8	0.1	8	–4	none	1.00p
		Olympus Equity Plus Fund[5]/Furman Selz	—*	6.7	3.6	9	–17	4.25	*3.05p*
		Olympus Option Income Plus[6]/Furman Selz	—*	3.4	13.7	49	–9	4.25	*2.40*
B	D	One Hundred Fund/Berger	9.9	19.2	none	12	7	none	*1.72*
		Oppenheimer Blue Chip Fund/Oppenheimer	—*	13.9	2.5	18	–4	4.75	*1.44*
A	D	Oppenheimer Directors Fund/Oppenheimer	8.6	14.2	1.7	145	–11	8.50	1.13p
B	B	Oppenheimer Equity Income/Oppenheimer	17.0	13.3	5.3	1,019	26	8.50	0.85
C	D	Oppenheimer Fund/Oppenheimer	5.2	12.6	1.9	208	–2	8.50	1.07
•C	•F	Oppenheimer Gold & Spec Mins/Oppenheimer	—*	6.4	1.4	120	12	8.50	1.22p
		Oppenheimer Ninety Ten Fund/Oppenheimer	—*	–0.2	11.2	18	–39	7.75	1.30
		Oppenheimer OTC Fund/Oppenheimer	—*	26.6	0.6	45	26	4.75	*1.52*
F	A+	Oppenheimer Premium Inc/Oppenheimer	13.9	9.2	3.0	289	–11	8.50	1.06
•D	•D	Oppenheimer Regency Fund/Oppenheimer	—*	11.7	1.7	127	–13	8.50	1.15p
D	C	Oppenheimer Special Fund/Oppenheimer	8.9	14.5	3.1	543	–2	8.50	0.97

• Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to fund. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available. [1]Formerly Guardian Mutual Fund. [2]Formerly Manhattan Fund. [3]Formerly Partners Fund. [4]Formerly Select Fund. [5]Formerly Continental Equity Plus Fund. [6]Formerly Continental Option Income.

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Past Performance

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Annual Fund Ratings/Stock

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return Annual average 1980 to 1989	Total return Last 12 months	Yield
		Standard & Poor's 500 stock average	14.8%	20.4%	3.2%
		Forbes stock fund composite	12.1%	15.0%	2.3%
A	•D	Oppenheimer Target Fund/Oppenheimer	—*	14.8%	1.7%
A	D	Oppenheimer Time Fund/Oppenheimer	14.9%	19.4	2.4
B	C	Oppenheimer Total Return/Oppenheimer	11.5	9.9	3.9
B	B	Over-the-Counter Securities Fund/Review	13.4	17.7	0.8
		Pacific Horizon–Aggres Grow/Concord Finl	—*	16.1	none
		PaineWebber Asset Allocation/PaineWebber	—*	9.1	6.2
		PaineWebber Classic Grow & Inc[1]/PaineWebber	—*	21.0	3.3
		PaineWebber Classic Growth[2]/PaineWebber	—*	24.2	0.7
		PaineWebber Master Energy-Util/PaineWebber	—*	15.6	2.4
		PaineWebber Master Growth/PaineWebber	—*	21.9	none
		Paribas Trust–Quantus Equity/Paribas	—*	15.4	2.5
		Parnassus Fund/Parnassus	—*	12.9	none
		Pasadena Growth Fund/Pasadena	—*	33.9	none
		Patriot Premium Dividend Fund/closed end	—*	—*	—*
		PBHG Growth Fund/Capstone	—*	8.4	0.3
C	B	Penn Square Mutual Fund/Penn Square	13.9	18.0	3.5
B	B	Pennsylvania Mutual Fund/Penn Mutual	16.2	15.6	1.7
•F	•A	Permanent Port–Permanent/Permanent	—*	1.3	none
D	D	Petroleum & Resources Corp/closed end	4.8	14.7	3.2
D	C	Philadelphia Fund/Fahnestock	10.6	33.4	1.3
B	A	Phoenix Growth Fund/Phoenix	18.5	14.2	3.5
B	A	Phoenix Stock Fund/Phoenix	17.3	7.2	3.5
D	•A	Phoenix Total Return/Phoenix	—*	9.9	4.3
		Pierpont Capital Appreciation/Morgan Stanley	—*	30.4[3]	none[3]
		Pierpont Equity Fund/Morgan Stanley	—*	24.5[3]	3.1[3]
C	C	Pilgrim MagnaCap Fund[4]/Pilgrim	11.2	17.4	1.5
		Pilgrim Regional Bankshares/closed end	—*	14.9	4.7
C	C	Pine Street Fund/National Finl	11.2	18.4	4.6
B	C	Pioneer Fund/Pioneer	11.7	14.9	2.7
A	B	Pioneer II/Pioneer	15.3	17.5	3.2
•B	•B	Pioneer Three/Pioneer	—*	18.8	2.1
		Piper Jaffray Sector Performance/Piper	—*	2.0	1.8
		Piper Jaffray Value Fund/Piper	—*	17.8	1.6
		T Rowe Price Capital Appreciation/Price	—*	18.0	2.3
		T Rowe Price Equity Income Fund/Price	—*	19.1	4.5
•C	•B	T Rowe Price Growth & Income/Price	—*	21.0	3.6

• Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to fund. p: Net of partial absorption of expenses by fund sponsor. r: Includes back-end load that reverts to distributor. NA: Not applicable or not available. [1]Formerly PaineWebber America Fund. [2]Formerly PaineWebber Olympus Fund. [3]Return as of 5/31/89. [4]Reflects performance of Pilgrim Fund prior to the June 1985 merger into Pilgrim MagnaCap Fund.

Assets 6/30/89 (millions)	Assets % change '89 vs '88	Maximum sales charge	Annual expenses per $100
			$1.58
$71	–2%	4.75%	$1.29p
323	2	8.50	1.00
349	12	4.75	*0.94*
327	14	4.50	*1.35p*
91	–28	4.50	*1.28p*
627	–7	5.00r	*1.94*
59	–12	4.50	*1.33p*
66	–17	4.50	*1.29p*
20	13	5.00r	*2.11p*
79	–13	5.00r	*2.21p*
7	–40	4.00r	*2.50*
19	143	3.50	2.15
27	88	3.00	1.80
202	NA	NA	1.30
21	–34	4.75	1.19
204	5	4.75	*0.96*
529	48	1.00b	1.01
94	–9	none	*1.17*
311	9	NA	0.66
111	14	none	*0.95*
633	8	6.90	1.04
126	–4	6.90	1.10
33	–7	4.75	*1.52p*
40.0	17.6	none	1.00p
27.0	12.5	none	1.00p
205	–3	4.75	*1.60*
106	9	NA	1.18
52	–6	none	1.19p
1,548	8	8.50	0.76
4,156	9	8.50	0.79
715	13	8.50	0.74
13	–48	4.00	*1.30p*
26	34	4.00	*1.30p*
122	39	none	1.50p
743	124	none	1.20p
525	23	none	1.04

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

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THE Vanguard GROUP OF INVESTMENT COMPANIES

Annual Fund Ratings/Stock

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.8%	20.4%	3.2%				
		Forbes stock fund composite	12.1%	15.0%	2.3%				$1.58
C	D	T Rowe Price Growth Stock Fund/Price	9.7%	10.6%	2.0%	$1,373	–4%	none	$0.74
		T Rowe Price New America Growth/Price	—*	25.8	none	118	66	none	1.50
C	D	T Rowe Price New Era Fund/Price	9.3	8.7	2.5	765	–11	none	0.89
B	D	T Rowe Price New Horizons Fund/Price	7.6	10.2	0.6	951	–5	none	0.83
		T Rowe Price Science & Technology/Price	—*	16.5	0.7	17	24	none	1.20p
		T Rowe Price Small-Cap Value Fund/Price	—*	7.7	0.8	32	25	none	1.25p
		Primary Trend Fund/Primary Trend	—*	11.1	4.5	56	24	none	1.09
		Principal Preserv–Div Achievers/Ziegler	—*	15.8	2.6	12	62	4.50%	1.20
		Principal Preserv–S&P 100 Plus/Ziegler	—*	14.6	2.2	19	10	4.50	1.40
		Princor Aggressive Growth Fund/Princor	—*	11.9	1.1	8	39	5.00	*1.52*
C	A	Princor Capital Accumulation/Princor	16.3	9.4	2.7	117	21	5.00	*0.98*
B	D	Princor Growth Fund/Princor	9.9	4.2	1.6	32	–8	5.00	*1.06*
		Princor Managed Fund/Princor	—*	6.3	4.6	19	22	5.00	*1.12*
		Progressive Income Equity/Federated	—*	17.5	7.2	47	–8	4.50	1.00p
B	•B	Pru-Bache Equity Fund/Pru-Bache	—*	13.7	1.7	542	–4	5.00r	*1.61*
		Pru-Bache Equity Income/Pru-Bache	—*	17.1	2.6	80	26	5.00r	*2.34p*
		Pru-Bache FlexiFund–Aggressive/Pru-Bache	—*	11.7	3.4	59	7	5.00r	*2.35p*
		Pru-Bache FlexiFund–Conserv/Pru-Bache	—*	9.1	4.4	131	–12	5.00r	*2.08*
A	•D	Pru-Bache Growth Opportunity/Pru-Bache	—*	11.4	0.9	143	–4	5.00r	*1.77*
•C	•B	Pru-Bache Option Growth Fund/Pru-Bache	—*	16.2	2.3	68	–8	5.00r	*1.75p*
•B	•C	Pru-Bache Research Fund/Pru-Bache	—*	15.4	2.6	353	–15	5.00r	*1.63*
C	•A	Pru-Bache Utility Fund/Pru-Bache	—*	28.3	3.7	2,124	45	5.00r	*1.56*
		Prudent Speculator Leveraged/Prudent	—*	7.8	0.5	10	–8	none	*2.81p*
D	F	Putnam Energy-Resources Trust/Putnam	0.0	17.8	2.1	112	3	8.50	1.47p
C	B	Putnam Fund for Growth & Inc/Putnam	14.3	17.1	4.9	1,781	8	8.50	0.72
B	•D	Putnam Health Sciences Trust/Putnam	—*	16.5	1.5	244	–5	8.50	1.08p
		Putnam Information Sciences/Putnam	—*	22.0	none	101	–7	8.50	1.90p
C	C	Putnam Investors Fund/Putnam	11.0	16.1	1.8	644	–11	8.50	0.68
D	B	Putnam Option Income Trust/Putnam	11.3	16.6	3.9	1,003	–6	8.50	0.87
		Putnam Option Income Trust II/Putnam	—*	15.6	3.8	1,220	–18	8.50	0.81
•A	•C	Putnam OTC Emerging Growth/Putnam	—*	12.8	none	168	10	6.75	*1.59p*
A	B	Putnam Vista Basic Value/Putnam	16.3	15.2	3.5	257	1	8.50	1.06
A+	D	Putnam Voyager Fund/Putnam	15.4	21.4	0.2	650	10	8.50	1.05p
		Quest for Value Dual–Capital[1] Quest for Value Dual–Income	—*	29.0	4.8	492	22	NA	0.80
C	A+	Quest for Value Fund/Quest	20.1	10.5	1.1	76	–13	4.50	*2.21*

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Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Annual Fund Ratings/Stock

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.8%	20.4%	3.2%				
		FORBES stock fund composite	12.1%	15.0%	2.3%				$1.58
		Regional Financial Shares Inv/closed end	—*	18.8%	2.8%	$97	12%	NA	$1.16
		Reich & Tang Equity Fund/Reich & Tang	—*	20.8	2.8	110	0	none	1.11
		Reserve Equity–Contrarian/Resrv	—*	9.6	6.6	6	–25	none	0.96
		Rightime Fund/Lincoln Inv	—*	–3.7	0.5	173	–31	none	*2.50*
		Rightime Fund–Blue Chip/Lincoln Inv	—*	–0.2	6.4	84	42	4.75%	*2.26*
		Rightime Fund Growth/Lincoln Inv	—*	2.4	1.2	31	NM	4.75	*2.22*
		RNC Regency Fund/Midvale	—*	11.0	2.5	14	–23	4.75	*2.10p*
F	•A	Rochester Tax Managed Fund/Rochester	—*	9.8	none	15	–6	8.50	*1.87*
•C	•A	Royce Fund–Value/Quest Dist	—*	14.8	1.3	193	17	1.00b,r	*1.88*
		Royce Value Trust/closed end	—*	17.9	0.6	130	17	NA	1.09
		RPF of America–Equity Fund/Venture	—*	19.8	1.4	20	20	5.00r	*2.57*
		Rushmore–OTC Index Plus/Rushmore	—*	6.6	1.1	11	–11	none	0.88
		Rushmore–Stock Mkt Index Plus/Rushmore	—*	12.1	3.1	15	24	none	0.85
B	C	Safeco Equity Fund/Safeco	12.3%	22.6	3.9	50	7	none	0.97
B	C	Safeco Growth Fund/Safeco	11.1	17.4	3.1	74	–2	none	1.00
C	A	Safeco Income Fund/Safeco	16.0	14.7	5.2	226	–6	none	0.93
		St Clair Equity–Capital Growth/Fairfield	—*	–14.1[1]	1.0[1]	5[1]	NA	none	1.68p
		Salem Funds–Growth/Fiduciary Inv	—*	22.8	2.1	87	306	2.00r	*1.71*
		SBSF–Growth Fund/SBSF	—*	22.0	2.7	88	8	none	1.13
		Schafer Value Trust/closed end	—*	25.6	2.4	86	–20	NA	1.43
		Schield–Aggressive Growth/Schield	—*	4.6	0.5	3	–40	4.00	*2.50p*
		Schield–Value/Schield	—*	–1.6	1.6	3	–50	4.00	*2.00p*
•D	•B	Sci/Tech Holdings-A[2]/ML Funds	—*	2.0	1.5	161	–27	6.50	1.46
D	C	Scudder Development Fund/Scudder	8.4	4.6	none	275	–23	none	1.31
A+	C	Scudder Equity–Capital Growth/Scudder	16.5	33.9	0.3	829	66	none	0.89
		Scudder Equity–Equity Income/Scudder	—*	16.1	4.0	18	25	none	1.00p
		Scudder Fund–Lazard Equity[3]/Scudder	—*	22.7	1.6	15	–1	none	*1.84*
C	C	Scudder Growth & Income Fund/Scudder	11.7	22.4	3.9	459	12	none	0.92
C	•C	Second Fiduciary Exchange Fund/‡	—*	13.4	2.1	64	4	none	0.86
•B	•C	Security Action Fund/Security Dist	—*	14.2	1.3	198	36	**	0.77
A	D	Security Equity Fund/Security Dist	11.5	28.3	2.1	257	12	8.50	0.90
D	C	Security Investment Fund/Security Dist	8.0	14.3	6.1	84	–4	8.50	0.98
		Security Omni Fund/Security Dist	—*	6.9	none	19	1	8.50	4.51p
B	F	Security Ultra Fund/Security Dist	5.4	7.2	0.4	66	–14	8.50	3.12
C	A	Selected American Shares/Prescott	17.0	25.7	1.4	347	24	none	*1.11*
B	D	Selected Special Shares/Prescott	10.8	17.7	1.0	43	16	none	*1.24*

• Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* ‡Exchange fund, not currently selling new shares. **Available only through monthly contractual plan. b: Includes back-end load that reverts to fund. p: Net of partial absorption of expenses by fund sponsor. r: Includes back-end load that reverts to distributor. NA: Not applicable or not available. [1]Estimate for fiscal year ended 7/31/88. Fund refuses to disclose data. [2]Fund has two classes of stock; one with a front-end load and one with a back-end load. Shown are combined assets for entire fund; load and expense data are for the initial class of stock. [3]Formerly Lazard Frères-Equity Fund.

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Annual Fund Ratings/Stock

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.8%	20.4%	3.2%				
		Forbes stock fund composite	12.1%	15.0%	2.3%				$1.58
A	D	Seligman Capital Fund/Seligman	11.9%	10.8%	none	$121	–14%	4.75%	$0.99
B	B	Seligman Common Stock Fund/Seligman	14.0	11.4	3.5%	502	–9	4.75	0.68
		Seligman Commun & Info/Seligman	—*	15.3	none	41	–6	4.75	1.60
B	D	Seligman Growth Fund/Seligman	9.7	15.8	2.4	540	–2	4.75	0.70
C	A	Sentinel Common Stock Fund/Equity	16.8	18.9	4.0	548	10	8.50	0.82
A	C	Sentinel Growth Fund/Equity	13.0	11.4	1.4	49	–7	8.50	1.27
C	D	Sentry Fund/Sentry	9.9	12.6	2.0	45	4	8.00	0.66
D	A+	Sequoia Fund/Ruane	20.0	23.5	3.0	866	19	††	1.00p
		Shadow Stock Fund/Jones & Babson	—*	13.2	1.4	26	61	none	1.51
D	F	Sherman, Dean Fund/Sherman	–0.6	20.5	none	3	15	none	*2.49p*
B	B	Sigma Capital Shares/Sigma	14.9	9.2	1.5	91	–1	6.00	*1.08*
C	B	Sigma Investment Shares/Sigma	15.0	17.1	2.8	102	12	6.00	*0.95*
B	D	Sigma Special Fund/Sigma	11.3	7.6	1.2	23	24	6.00	*1.47*
B	D	Sigma Value Shares/Sigma	7.6	20.7	3.3	10	–16	6.00	*2.29p*
C	D	Sigma Venture Shares/Sigma	7.6	4.1	0.1	46	–22	6.00	*1.22*
•B	•C	Sit New Beginning Growth Fund/Sit	—*	14.6	1.2	54	12	none	1.21
•C	•B	Sit New Beginning Income & Growth/Sit	—*	15.3	2.0	14	11	none	1.50p
		Skyline Fund–Special Equities/Mesirow	—*	16.9	0.4	17	91	3.85	*1.70*
		SLH Aggressive Growth Fund/Shearson	—*	18.0	none	86	–9	5.00	1.20
B	B	SLH Appreciation Fund/Shearson	15.7	18.7	2.3	725	60	5.00	0.89
		SLH Equity–Growth & Opportunity[1]/Shearson	—*	19.3	0.3	192	35	5.00r	*2.23*
		SLH Equity–Sector Analysis/Shearson	—*	5.2	3.7	335	–48	5.00r	*2.12*
		SLH Equity–Strategic Investors/Shearson	—*	16.6	2.5	178	22	5.00r	*2.29*
D	•B	SLH Fundamental Value Fund/Shearson	—*	17.2	1.5	86	1	5.00	1.10
		SLH Income–Option Inc/Shearson	—*	17.0	8.4	580	–3	5.00r	*1.72*
		SLH Investment–Basic Value[2]/Shearson	—*	15.5	2.7	335	–18	5.00r	*1.72*
C	•B	SLH Investment–Growth[3]/Shearson	—*	18.1	4.1	929	–23	5.00r	*1.68*
		SLH Investment–Prec Metals[4]/Shearson	—*	–11.7	2.5	82	–30	5.00r	*2.13*
•C	•D	SLH Investment–Spec Equities/Shearson	—*	7.4	4.2	155	–18	5.00r	*2.32p*
		SLH Multiple Opportunities LP/Shearson	—*	4.8	none	258	–41	3.00r	*3.00p*
		SLH Small Capitalization/Shearson	—*	7.4	none	26	85	5.00	1.73p
C	C	Smith Barney Equity Fund/Smith Barney	11.3	15.2	2.4	79	–5	5.75	*0.82*
D	A	Smith Barney–Income & Grow/Smith Barney	17.1	17.1	5.1	562	–1	5.75	0.46
C	A+	SoGen International Fund/Sogen	18.1	11.1	4.5	136	29	3.75	*1.39*
		Sound Shore Fund/Reich & Tang	—*	27.8	1.6	36	33	none	1.40
D	A+	Source Capital/closed end	17.6	17.1	3.8	310	6	NA	1.00

• Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* ††Closed to new investors. p: Net of partial absorption of expenses by fund sponsor. r: Includes back-end load that reverts to distributor. NA: Not applicable or not available. [1]Formerly Hutton Investment-Growth fund. [2]Formerly Hutton Investment-Basic Value Fund. [3]Formerly Shearson Lehman-Equity Growth Fund. [4]Formerly Hutton Investment-Prec Metals Fund.

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Annual Fund Ratings/Stock

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.8%	20.4%	3.2%				
		Forbes stock fund composite	12.1%	15.0%	2.3%				$1.58
		Southeastern Asset Mgmt Value/Southeastern	—•	28.8%	0.4%	$111	259%	none	$1.50p
		Southeastern Growth Fund/Wheat First	—•	13.9	0.1	102	–2	5.00%r	*2.19p*
D	A	Sovereign Investors/Sovereign	15.3%	14.8	5.0	52	18	5.00	*0.86*
A	D	Spectra Fund/closed end	11.7	10.8	none	4	11	NA	4.10
C	D	State Bond Common Stock Fund/State Bond	9.5	24.4	1.6	32	11	8.50	1.09
C	B	State Bond Diversified Fund/State Bond	13.2	18.5	3.8	20	7	8.50	1.00
C	D	State Bond Progress Fund/State Bond	9.1	14.8	1.3	8	3	8.50	1.33
B	C	State Street Exchange Fund/‡	13.9	25.7	2.4	180	16	none	0.13
B	C	State Street Growth Fund/‡	13.6	19.7	3.8	259	7	1.00r	0.58
C	C	State Street Investment Trust/State Street	12.0	16.3	2.5	542	5	†	0.51
F	D	Steadman American Industry/Steadman	–6.1	–0.4	none	4	–17	†	*6.26*
F	C	Steadman Associated Fund/Steadman	4.6	24.7	6.2	15	4	†	*2.88*
F	D	Steadman Investment Fund/Steadman	–1.2	2.2	none	5	–9	†	*3.97*
F	F	Steadman Oceanographic Tech & Gr/Steadman	–8.4	–0.3	none	3	–7	†	*5.81*
A	F	SteinRoe–Capital Opportunities[1]/Stein Roe	6.3	10.3	0.6	189	–20	none	1.17
		SteinRoe–Growth & Income/Stein Roe	—•	12.4	3.6	14	2	none	1.00p
		SteinRoe–Prime Equities/Stein Roe	—•	19.1	1.7	31	25	none	1.47p
A	C	SteinRoe–Special Fund/Stein Roe	15.8	27.0	1.1	283	18	none	0.99
B	D	SteinRoe–Stock Fund/Stein Roe	8.2	16.1	1.9	191	–11	none	0.76
F	•C	Strategic Gold/Minerals Fund[2]/Strategic	—•	–25.1	0.2	3	–11	8.50	1.51p
F	D	Strategic Investments Fund/Strategic	–8.8	–4.5	6.8	48	–14	8.50	1.52
		Strategic Silver Fund/Strategic	—•	–15.7	none	25	–19	8.50	1.45
B	C	Stratton Growth Fund/Stratton	13.1	24.2	3.8	20	13	none	1.41
D	A+	Stratton Monthly Dividend Shares/Stratton	14.4	10.9	8.1	34	–7	none	1.21
		Strong Discovery Fund/Strong	—•	28.2	6.9	29	200	2.00	2.00p
		Strong Opportunity Fund/Strong	—•	25.3	7.6	205	18	2.00	1.60
A	D	Surveyor Fund/Alliance	10.7	24.4	none	106	12	5.50	*1.13*
		Templeton Value Fund/closed end	—•	—•	—•	169	NA	NA	1.20
B	B	Templeton World Fund/Templeton	16.4	16.3	2.4	4,335	12	8.50	0.68
		Thomson McKinnon–Growth/Thomson	—•	21.1	0.4	353	–1	5.00r	*1.80*
		Thomson McKinnon–Oppor/Thomson	—•	13.7	none	50	–7	5.00r	*2.00*
		Tocqueville Fund/Freedom Capital	—•	14.0	0.7	17	12	4.00	*2.28*
		Transamerica Special Blue Chip/Transamerica	—•	9.3	1.3	5	9	6.00r	*3.20p*
		Transamerica Special Emerg Grow/Transamerica	—•	14.4	0.3	7	196	6.00r	*3.22p*
C	•C	Transamerica Sunbelt Growth/Transamerica	—•	15.2	3.4	34	–21	4.75	*1.88*
C	C	Transamerica Technology Fund[3]/Transamerica	9.3	4.2	7.8	55	–4	4.75	*2.50p*

• Fund rated for two periods only; maximum allowable grade A. •Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* ‡Exchange fund, not currently selling new shares. †Closed to all investors. b: Includes back-end load that reverts to fund. p: Net of partial absorption of expenses by fund sponsor. r: Includes back-end load that reverts to distributor. NA: Not applicable or not available. [1]Acquired Discovery Fund & Universe Fund 6/30/89. [2]Formerly Strategic Capital Gains Fund. [3]Reflects performance of Criterion Pilot prior to June 1989 merger into Transamerica Technology.

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Annual Fund Ratings/Stock

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.8%	20.4%	3.2%				
		Forbes stock fund composite	12.1%	15.0%	2.3%				$1.58
B	C	Tri-Continental Corp/closed end	12.9%	15.8%	3.1%	$1,477	10%	NA	$0.57
A+	C	Tudor Fund/Weiss	16.3	15.0	0.3	186	4	none	1.14p
		20th Century Giftrust Investors/20th Century	—*	17.3	none	19	32	none	1.00
A	D	20th Century Growth Investors/20th Century	11.8	20.1	2.1	1,410	4	none	1.00
		20th Century Heritage Investors/20th Century	—*	18.0	0.9	80	93	none	1.00
A	C	20th Century Select Investors/20th Century	15.6	15.6	2.2	2,464	–3	none	1.00
A+	•F	20th Century Ultra Investors/20th Century	—*	21.3	none	340	15	none	1.00
		20th Century Vista Investors/20th Century	—*	12.5	0.2	227	–6	none	1.00
•C	•B	UMB Stock Fund/Jones & Babson	—*	15.1	4.2	42	–4	none	0.86
C	•C	Unified Growth Fund/Unified	—*	14.9	1.5	18	–8	none	1.47
D	B	Unified Mutual Shares/Unified	11.5	16.3	3.8	18	0	none	1.02
B	B	United Accumulative Fund/Waddell	15.8	21.0	4.1	820	10	8.50%	0.63
A	A	United Income Fund/Waddell	19.5	22.0	3.2	1,387	25	8.50	0.67
•D	•C	United New Concepts Fund/Waddell	—*	–7.7	2.1	78	–21	8.50	1.21
C	C	United Science & Energy Fund/Waddell	11.3	13.5	1.8	229	1	8.50	0.89
D	•B	United Services–Good & Bad/United	—*	4.4	2.9	12	–30	none	1.80
		United Services–Growth Fund/United	—*	8.0	2.8	5	–19	none	2.08
		United Services–Income Fund/United	—*	26.0	4.0	6	25	none	1.60p
B	C	US Trend Fund/Capstone	11.2	21.0	2.7	90	–1	4.75	1.01
B	B	United Vanguard Fund/Waddell	16.1	11.9	2.8	740	8	8.50	0.96
		US Boston Inv–Growth & Inc/US Boston	—*	20.3	1.0	31	15	1.00r	*2.00p*
		USAA Investment–Cornerstone/USAA	—*	9.4	3.7	502	–15	none	1.21
		USAA Investment–Gold Fund/USAA	—*	–10.6	1.6	160	–15	none	1.42p
A	•D	USAA Mutual–Aggressive Growth[1]/USAA	—*	7.0	0.8	145	0	none	1.00
C	D	USAA Mutual–Growth Fund/USAA	8.3	14.6	2.5	209	–4	none	1.22
		USAA Mutual–Income Stock/USAA	—*	19.1	4.0	46	55	none	1.00p
		UST Master Funds–Equity/UST Securities	—*	21.1	1.5	21	44	4.50	1.16
		UST Master Funds–Inc & Grow/UST Securities	—*	22.7	3.1	20	175	4.50	1.22
F	A+	Valley Forge Fund/Valley Forge	11.7	6.9	5.7	8	–13	none	1.40
		Value Line Convertible Fund/Value Line	—*	10.9	5.2	60	–10	none	1.03
D	C	Value Line Fund/Value Line	9.9	13.0	2.1	188	–12	none	0.71
D	A	Value Line Income Fund/Value Line	12.8	14.8	5.7	135	–5	none	0.80
C	B	Value Line Leveraged Growth Inv/Value Line	13.5	12.6	2.0	228	–21	none	0.97
D	D	Value Line Special Situations/Value Line	4.6	11.5	0.6	127	–6	none	1.16
		Van Eck Gold/Resources Fund/Van Eck	—*	–15.8	0.2	222	–11	6.75	*1.39*
		Van Kampen Merritt Gr & Inc/Van Kampen	—*	13.0	1.5	35	–6	4.90	*1.50*

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Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.8%	20.4%	3.2%				
		Forbes stock fund composite	12.1%	15.0%	2.3%				$1.58
B	C	Vance, Sanders Exchange Fund/‡	11.9%	13.9%	2.1%	$161	6%	none	$0.87
D	C	Vance, Sanders Special Fund/Eaton Vance	5.4	12.1	1.5	55	–10	4.75%	1.15
C	D	Vanguard Explorer Fund/Vanguard	8.0	11.0	1.0	288	8	††	0.65
		Vanguard Explorer II/Vanguard	—*	7.4	0.4	82	19	none	0.74
		Vanguard Gemini II Capital[1] Vanguard Gemini II Income	—*	16.8	4.9	316	8	NA	0.71
C	A+	Vanguard High Yield Stock	22.8	12.6	5.2	170	5	††	0.56
B	C	Vanguard Index–500 Portfolio/Vanguard	14.3	20.3	2.9	1,430	49	none	0.22
		Vanguard Index–Extended Mkt/Vanguard	—*	17.0	1.4	94	258	none[2]	0.24
A	C	Vanguard WL Morgan Growth/Vanguard	13.4	10.9	2.1	689	0	none	0.55
A	D	Vanguard Naess & Thomas Spec/Vanguard	8.3	10.5	0.4	40	40	none	0.94
		Vanguard Primecap Fund/Vanguard	—*	8.3	0.8	249	26	none	0.83
		Vanguard Quantitative Portfolios/Vanguard	—*	19.4	1.9	153	–1	none	0.64
		Vanguard Special–Energy/Vanguard	—*	24.9	2.7	53	29	1.00b	0.40
		Vanguard Special–Health Care/Vanguard	—*	18.5	1.8	60	–1	1.00b	0.62
		Vanguard Spec–Service Economy/Vanguard	—*	27.6	1.4	25	9	1.00b	0.86
		Vanguard Special–Technology/Vanguard	—*	–2.6	1.4	11	–43	1.00b	0.51
B	B	Vanguard Trustees Comm–US/Vanguard	15.4	16.6	2.6	135	11	none	0.58
A	A	Vanguard Windsor Fund/Vanguard	21.0	18.0	4.3	7,884	39	††	0.47
		Vanguard Windsor II/Vanguard	—*	25.9	3.8	1,872	34	none	0.58
		Vanguard World–US Growth/Vanguard	—*	17.6	0.7	156	10	none	1.03
D	B	Variable Stock Fund/Variable	10.6	13.5	1.4	9	5	none	1.37
		Viking Equity Index Fund–General/Fairfield	—*	14.2[3]	2.5[4]	10[5]	3	none	1.57
A	D	Wall Street Fund/Wall Street	9.4	11.2	0.7	13	1	5.50	1.95p
B	A	Washington Mutual Investors/American Funds	18.8	20.2	4.1	3,469	27	5.75	*0.67*
		Wealth Monitors Fund/Wealth Monitors	—*	1.5	none	3	–30	none	*3.44*
		Weitz Value Fund/Weitz	—*	19.3	2.7	19	87	none	1.50p
		Westwood Fund/Dreyfus	—*	15.3	3.0	54	52	4.00	1.48
F	D	Winthrop Focus Funds–Growth[6]/National Fin	7.5	14.9	4.0	52	–4	4.00r	*1.39*
		World Wide Value Fund/closed end	—*	12.0	3.3	60	3	NA	2.30
		WPG Dividend Income Fund/Weiss	—*	12.6	0.8	9	159	none	4.29p
B	C	WPG Fund/Weiss	12.6	15.6	0.7	38	–8	none	1.53p
		WPG Growth Fund/Weiss	—*	10.9	0.1	128	–5	none	1.05
		Z-Seven Fund/closed end	—*	0.9	none	20	–10	NA	2.73p
		Zweig Fund/closed end	—*	17.1	6.7	395	10	NA	1.39
		Zweig Total Return/closed end	—*	—*	—*	587	—	NA	1.19

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Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Balanced funds

Balanced funds mix stocks with bonds or buy convertible bonds. Balanced funds are graded separately from stock funds, but over the same market cycles (see chart, page 200). These funds are generally more conservative than stock funds. Balanced funds held up better in the 1987 crash, but in the strong market of the past 12 months they underperformed stock funds. Starting on page 284 is a list of fund distributors and addresses.

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.8%	20.4%	3.2%				
		Forbes balanced fund composite	13.9%	11.8%	5.7%				$1.36
		Adtek Fund/Adtek	—*	8.5%	2.3%	$19	–21%	none	$2.14
		Advantage Income Fund/Advest	—*	13.2	6.0	57	–6	4.00%r	*2.11*
D	D	Aim Convertible Securities/AIM	6.2	5.4	4.4	14	–27	4.75	*2.31*
B	B	Alliance Balanced Shares/Alliance	16.2	13.0	3.4	143	22	5.50	*1.42*
		Alliance Convertible Fund/Alliance	—*	8.6	5.9	75	–15	5.50	*1.54p*
C	B	American Balanced Fund/American Funds	15.5	15.6	5.4	250	16	5.75	*0.76*
B	C	American Capital Convert Secs/closed end	15.8	10.7	6.8	77	–1	NA	0.82
A	D	American Capital Harbor Fund/American Cap	12.8	18.7	6.1	377	1	5.75	0.71
B	D	Axe-Houghton Fund B/Axe	12.4	14.3	5.1	165	0	none	*1.25*
		Bailard Biehl & Kaiser Diversa[1]/Bailard	—*	7.9	5.1	102	–6	none	1.26
D	D	Bancroft Convertible Fund/closed end	8.8	–2.8	6.4	54	38	NA	1.70
		Bascom Hill Balanced Fund/Madison	—*	11.9	4.2	12	57	5.00r	*2.00*
		Bruce Fund/Bruce	—*	–0.5	2.8	4	–24	none	1.92
•C	•C	Calvert Social Inv–Managed Grow/Calvert	—*	12.4	5.0	199	18	4.50	*1.30*
D	B	Castle Convertible Fund/closed end	12.0	4.5	8.7	48	–4	NA	1.25
		Colonial Advanced Strategies Gold/Colonial	—*	–15.1	3.5	77	–24	6.75	*1.74p*
A	D	Colonial Fund/Colonial	14.7	17.2	4.6	297	16	6.75	*0.96*
C	C	Composite Bond & Stock Fund/Murphey Favre	12.9	13.6	5.3	72	–7	4.00	*1.12*
		Conn Mutual–Tot Return/Conn Mutual	—*	14.3	4.9	60	10	6.25	1.18
		Convertible Holdings–Capital[2] Convertible Holdings–Income	—*	6.5	7.4	267	–1	NA	0.79
		Convertible Securities & Income/Federated	—*	26.1	8.0	16	67	4.50	*1.16p*
F	A	Country Capital Income Fund/Country Cap	12.0	10.4	6.9	6	–3	3.00	1.23
		Dean Witter Convertible Secs/Dean Witter	—*	9.4	6.4	828	–34	5.00r	*1.79*

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Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.8%	20.4%	3.2%				
		Forbes balanced fund composite	13.9%	11.8%	5.7%				$1.36
		Delaware Group Delaware Fund/Delaware	—*	22.6%	5.3%	$345	13%	8.50%	$0.77
B	C	Dodge & Cox Balanced Fund/Dodge & Cox	14.4%	14.3	4.9	46	15	none	0.77p
		Dolphin FRIC Convertible Fund/Dolphin	—*	14.0	5.4	8	–10	4.50	*2.34p*
B	D	Dreyfus Convertible Securities/Dreyfus	13.7	12.6	4.5	266	1	none	1.00p
		Duff & Phelps Selected Utilities/closed end	—*	15.5	9.0	1,147	8	NA	1.44
		Eaton Vance High Income Trust/Eaton Vance	—*	11.1	12.4	290	22	6.00b,r	*2.19*
D	A	Eaton Vance Inc Fund of Boston/Eaton Vance	13.7	11.2	11.5	87	93	4.75	*1.46*
C	C	Eaton Vance Investors Fund/Eaton Vance	13.2	13.6	5.3	209	–1	4.75	0.93
		Ellsworth Convert Grow & Inc/closed end	—*	7.6	6.4	53	0	NA	1.40
		Equitable Funds–Balanced Fund/Equitable	—*	19.5	2.4	7	187	5.00r	*2.00p*
D	A	Federated Stock & Bond Fund/Federated	14.8	11.0	5.7	92	–3	none	1.00p
		Fidelity Balanced Fund/Fidelity	—*	14.6	6.0	137	3	2.00	1.30
		Fidelity Convertible Securities/Fidelity	—*	16.4	6.5	46	–8	none	1.60
A	B	Fidelity Puritan Fund/Fidelity	17.9	18.1	6.4	4,681	9	2.00	0.72
		First Prairie Diversified Asset[1]/Dreyfus	—*	16.4	7.4	7	29	4.50	0.00p
D	A	Franklin Income Fund/Franklin	13.7	10.0	10.3	1,052	61	4.00	0.59
		FundTrust–Growth & Income/Furman Selz	—*	15.6	1.4	39	–32	1.50	*1.67p*
A	D	GPM Fund/Trusteed	15.1	14.8	2.5	7	17	none	1.40p
		Heritage Convertible Inc-Grow/Heritage	—*	17.6	4.3	23	12	4.00	*1.75p*
		Hidden Strength–Mod Asset/Wood Logan	—*	11.6	1.2	42	40	4.75	*2.20*
C	B	IDS Mutual/IDS	15.2	15.5	6.0	1,594	10	5.00	0.68
C	A+	Income Fund of America/American Funds	17.7	18.7	6.2	1,192	29	5.75	*0.55*
		Integrated Income–Convert Secs/Integrated	—*	5.3	5.5	27	–21	4.75	*2.02*
		Investment Portfolios–Tot Return/Kemper	—*	14.7	4.0	511	–4	5.00r	*2.14*
A+	F	Kemper Total Return Fund/Kemper	11.6	16.9	5.0	941	–9	8.50	0.77
C	C	Keystone Custodian K-1/Keystone	13.1	16.1	5.9	713	4	4.00b	*1.92*
		Lincoln National Convert Secs/closed end	—*	16.9	6.3	98	0	NA	0.96
A+	C	Loomis-Sayles Mutual Fund/New England	16.4	10.6	5.0	294	–10	none	1.01
		MacKay-Shields MainStay–Convert/NYLife	—*	5.8	7.6	26	–17	5.00r	*2.60*
		Mackenzie No Amer Total Return/Mackenzie	—*	3.8	3.5	161	–46	8.50	1.04
B	C	Mass Financial Total Return/Mass Finl	16.0	17.0	5.6	580	19	7.25	0.74
		MassMutual Integrity–Balanced/Mass Mut	—*	11.7	4.4	33	26	4.50	NA
D	B	Merrill Lynch Equi-Bond I Fund[2]/ML Funds	12.0	10.6	4.0	13	–14	4.50†b	1.86p
•C	•C	Merrill Lynch Phoenix Fund-A[2]/ML Funds	—*	14.0	2.5	279	139	6.50	1.17p
		Merrill Lynch Retire Benefit-B[2]/ML Funds	—*	11.6	4.9	1,777	–30	4.00r	*1.84*
		Mimlic Asset Allocation Fund/Mimlic	—*	11.4	4.7	8	24	5.00	*1.09p*

• Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* †Closed to all investors. b: Includes back-end load that reverts to fund. p: Net of partial absorption of expenses by fund sponsor. r: Includes back-end load that reverts to distributor. NA: Not applicable or not available. [1]Formerly First Lakeshore Diversified Asset Fund. [2]Funds have two classes of stock; one with a front-end load and one with a back-end load. Shown are combined assets for entire fund; load and expense data are for the initial class of stock.

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Annual Fund Ratings/Balanced

Performance in UP	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.8%	20.4%	3.2%				
		Forbes balanced fund composite	13.9%	11.8%	5.7%				$1.36
		Morison Asset Allocation/Morison	—*	10.6%	3.1%	$18	–28%	6.00%	*$1.75*
F	A	Mutual of Omaha Income/Mutual of Omaha	12.6%	13.4	8.6	164	4	8.00	0.80
		National Strategic Allocation/National Secs	—*	10.0	2.5	115	–26	7.75	*1.78*
C	B	National Total Income Fund/National Secs	17.1	22.8	6.1	168	18	7.25	0.95
E	C	National Total Return Fund/National Secs	14.3	19.6	4.6	266	–4	7.25	0.91
		Noddings Convertible Strategies/Noddings	—*	5.4	8.2	6	–20	none	2.00p
		Olympic Trust–Balanced Income/Olympic	—*	17.5	5.6	8	18	none	1.00p
C	D	Pax World Fund/Pax World	12.4	15.7	4.5	84	16	none	*1.10*
C	•B	Phoenix Balanced Fund/Phoenix	—*	14.4	5.3	429	2	6.90	0.94
C	B	Phoenix Convertible Fund/Phoenix	15.6	9.9	5.7	155	–6	6.90	1.06
		Piper Jaffray Balanced Fund/Piper	—*	12.1	5.0	13	–2	4.00	*1.30p*
B	B	Provident Fund for Income/American Cap	15.9	13.0	7.1	99	–1	7.25	0.79
		Pru-Bache IncomeVertible Plus/Pru-Bache	—*	14.7	5.9	495	–2	5.00r	*2.05p*
B	D	Putnam Convert Income-Growth/Putnam	13.1	13.5	6.2	873	–16	8.50	0.92
B	C	George Putnam Fund of Boston/Putnam	14.8	14.6	5.4	406	1	8.50	0.73
•C	•C	Rea-Graham Fund/Rea	—*	5.3	4.8	50	–1	6.75	1.43
		RNC Convertible Securities/Midvale	—*	4.8	6.1	28	–23	4.75	*1.80*
		RNC Income Fund/Midvale	—*	6.5	8.3	13	–4	4.75	*2.10p*
		RNC Westwind Fund/Midvale	—*	9.6	2.1	8	–29	4.75	*2.30p*
		Rochester Convertible–Growth/Rochester	—*	0.8	5.8	6	–10	3.25	*2.50*
		Rochester Convertible–Income/Rochester	—*	–7.4	11.3	5	–27	3.25	*2.36*
		Royce Fund–Total Return/Quest Dist	—*	1.5	5.2	5	–22	1.00b,r	*1.96p*
D	A	Seligman Income Fund/Seligman	13.5	11.9	8.0	163	–6	4.75	0.78
C	B	Sentinel Balanced Fund/Equity	15.9	14.1	5.8	70	4	8.50	1.01
C	C	Sigma Trust Shares/Sigma	13.3	12.6	4.8	52	12	6.00	*1.07*
		Skyline Fund–Balanced/Mesirow	—*	9.7	4.5	13	14	3.85	*1.67*
		SLH Convertible Securities/Shearson	—*	8.4	6.0	8	9	5.00	1.20p
		SLH Income–Convertible Secs/Shearson	—*	9.3	6.4	150	–15	5.00r	*1.79*
		SLH Income–Utilities/Shearson	—*	14.7	6.5	469	256	5.00r	*1.77*
C	F	SteinRoe–Total Return Fund/Stein Roe	9.7	13.4	5.5	139	0	none	0.89
C	•A	Strong Investment Fund/Strong	—*	12.9	7.8	247	–8	1.00	1.30
A	•C	Strong Total Return Fund/Strong	—*	20.1	9.8	1,241	30	1.00	1.20
		TCW Convertible Securities Fund/closed end	—*	11.0	9.9	182	2	NA	0.94
		Templeton Income Fund/Templeton	—*	7.1	6.8	115	–11	8.50	1.10
		Thompson, Unger & Plumb/Thompson	—*	10.8	1.9	8	36	none	2.00p
D	C	Transamerica Growth & Income/Transamerica	12.1	9.8	6.6	66	–9	4.75	*1.22*

• Fund rated for two periods only: maximum allowable grade A. *Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to fund. p: Net of partial absorption of expenses by fund sponsor. r: Includes back-end load that reverts to distributor. NA: Not applicable or not available.

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.8%	20.4%	3.2%				
		Forbes balanced fund composite	13.9%	11.8%	5.7%				$1.36
		Transamerica Special Convert Secs[1]/Transamerica	—*	7.1%	5.3%	$11	–30%	6.00%r	*$2.46*
		Triflex Fund/Securities Mgmt	—*	11.1	5.9	24	59	7.50	1.25p
D	•D	Unified Income Fund/Unified	—*	7.6	8.3	8	–23	none	1.35
A	D	United Continental Income Fund/Waddell	15.2%	15.3	6.0	305	–5	8.50	0.85
B	C	United Retirement Shares/Waddell	13.6	17.8	4.6	126	21	8.50	0.85
		Vanguard Convertible Securities/Vanguard	—*	13.0	6.0	68	–11	none	0.85
		Vanguard Equity Income Fund/Vanguard	—*	22.3	3.5	171	917	none	0.72
		Vanguard STAR Fund/Vanguard	—*	17.6	4.0	832	28	none	0.47[2]
D	A+	Vanguard Wellesley Income Fund/Vanguard	15.9	17.1	6.2	670	24	none	0.51
A	C	Vanguard Wellington Fund/Vanguard	15.7	17.0	5.4	1,826	22	none	0.45

• Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* p: Net of partial absorption of expenses by fund sponsor. r: Includes back-end load that reverts to distributor. [1]Formerly Criterion Special Convertible Securities Fund. [2]Average expense ratio of Vanguard funds in which this fund invests.

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

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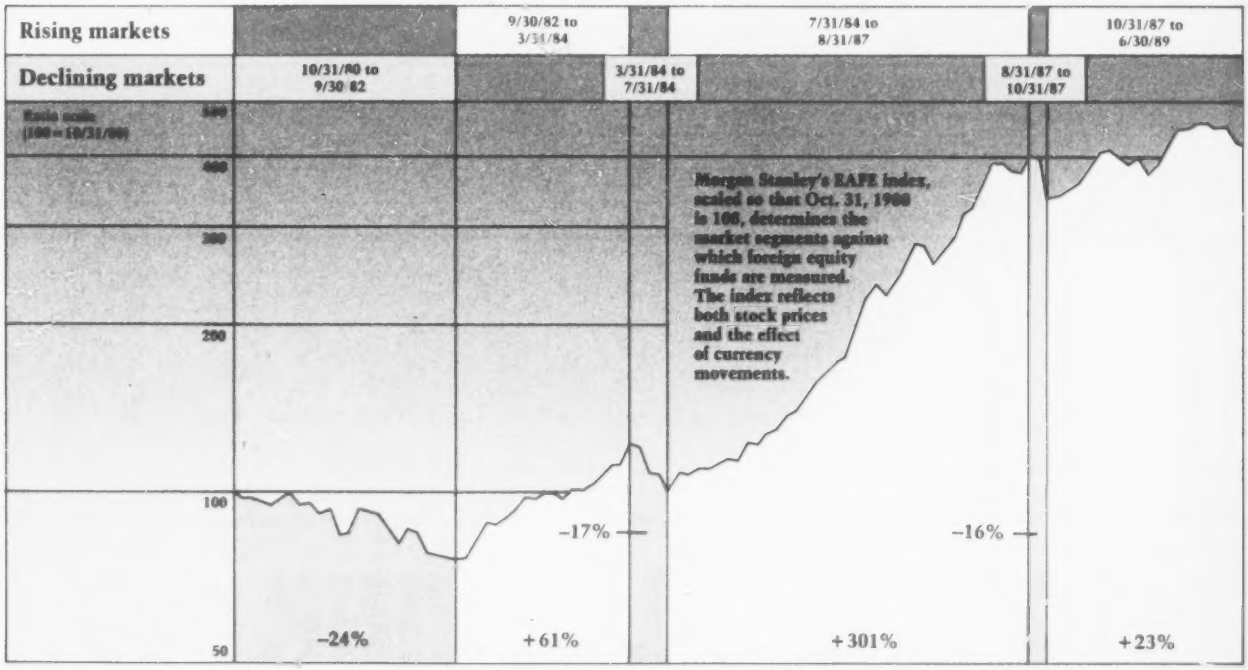
Foreign stock funds

U.S.-based stock funds with predominantly foreign portfolios are in this table. The benchmark for measuring foreign fund performance is the Morgan Stanley Capital International Perspective stock market index for Europe, Australia, the Far East and New Zealand. The index aims to show the dollar return that a U.S. investor would have enjoyed in the average foreign stock. Thus, it reflects not only price movements on foreign bourses but also the fluctuations in the dollar. Funds based overseas, whether they invest in local markets or in the U.S., are not covered in the FORBES fund survey.



Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Morgan Stanley Capital Intl EAFE index	20.4%	9.5%	1.3%				
		FORBES foreign stock fund composite	11.7%	12.8%	1.3%				$1.88
C	B	Alliance Global–Canadian Fund/Alliance	11.5%	24.9%	0.6%	$31	14%	5.50%	*$1.93*
A	•C	Alliance International Fund/Alliance	—*	27.9	0.8	166	25	5.50	*1.42*
		AMA Growth–Global Growth/AMA	—*	11.3	2.7	104	–13	none	*1.61*
D	D	ASA Limited/closed end	0.7	13.2	6.4	528	6	NA	0.52
		Asia Pacific Fund/closed end	—*	36.0	0.6	102	35	NA	2.02
		Brazil Fund/closed end	—*	48.7	4.9	198	41	NA	2.00
D	•D	Bull & Bear Gold Investors/Bull & Bear	—*	–7.0	0.2	38	–21	none	*2.33*

• Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* NA: Not applicable or not available.

Table of distributors, showing addresses and phone numbers, begins on page 284. Rules and definitions, page 193.

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Morgan Stanley Capital Intl EAFE index	20.4%	9.5%	1.3%				
		FORBES foreign stock fund composite	11.7%	12.8%	1.3%				$1.88
		Clemente Global Growth Fund/closed end	—*	13.4%	0.2%	$57	10%	NA	$2.59
		Colonial Intl Equity Index/Colonial	—*	5.8	none	11	43	4.75%	*2.31p*
•D	•A	Dean Witter World Wide Inv/Dean Witter	—*	8.6	1.1	295	–14	5.00r	*2.18*
		Dreyfus Strategic World Inv LP/Dreyfus	—*	11.7	none	18	9	3.00	*1.74p*
		Enterprise Group–Intl Grow/Enterprise	—*	10.8	none	6	128	5.00r	*2.50p*
		EuroPacific Growth Fund/American Funds	—*	14.0	1.7	250	29	6.75r	*1.30*
		Fenimore Intl Fund Equity/Drexel	—*	9.3	0.9	49	–23	5.00r	*2.44*
		Fidelity Canada Fund/Fidelity	—*	19.0	0.8	22	91	3.00r	2.02p
		Fidelity Europe Fund/Fidelity	—*	18.2	2.0	74	–7	3.00r	2.66
		Fidelity International Grow & Inc/Fidelity	—*	8.1	1.7	25	–23	2.00r	2.58p
		Fidelity Overseas Fund/Fidelity	—*	2.3	2.4	902	–31	3.00	1.38
		Fidelity Pacific Basin Fund/Fidelity	—*	1.9	0.6	111	–27	3.00r	1.80
		Financial Strategic–European/Financial Prog	—*	18.3	0.8	6	5	none	1.86
•B	•D	Financial Strategic–Pacific Basin/Financial Prog	—*	7.1	none	24	–30	none	1.61
		First Australia Fund/closed end	—*	–2.6	3.2	58	–6	NA	2.26
		First Iberian Fund/closed end	—*	10.8	2.5	64	8	NA	2.14
C	•C	First Investors International Secs/First Inv	—*	6.6	none	83	–17	8.50	*1.74*
		Flag Investors International Trust/Brown	—*	13.9	0.7	32	–16	4.50	*1.50p*
		France Fund/closed end	—*	17.3	1.9	89	14	NA	2.00
D	D	Franklin Gold Fund/Franklin	4.7%	6.6	3.2	280	1	4.00	0.82
		Freedom Inv II–Global Fund/Freedom	—*	12.4	0.1	34	–19	3.00r	*2.79*
		FT International/Federated	—*	9.4	1.5	62	–11	none	1.00p
		Fund Source–Intl Equity/Furman Selz	—*	8.7	0.2	40	29	none	*1.30p*
		GAM Global Fund/GAM	—*	23.4	none	17	–15	none	*2.94*
		GAM International Fund/GAM	—*	18.2	none	18	–18	none	*2.76*
		GAM Pacific Basin Fund/GAM	—*	12.6	none	5	–16	none	*5.92*
		Germany Fund/closed end	—*	24.6	0.2	70	17	NA	1.77
		GT Global Growth–Europe/GT Global	—*	23.7	1.3	26	238	4.75	*3.60*
		GT Global Growth–Intl/GT Global	—*	21.0	none	57	172	4.75	*2.10*
		GT Global Growth–Japan/GT Global	—*	14.9	0.4	25	21	4.75	*2.20*
B	C	GT Global Growth–Pacific/GT Global	17.0	21.3	none	89	74	4.75	*2.20*
		GT Global Growth–Worldwide/GT Global	—*	19.2	none	19	122	4.75	*2.00*

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Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Annual Fund Ratings/Foreign

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Morgan Stanley Capital Intl EAFE index	20.4%	9.5%	1.3%				
		FORBES foreign stock fund composite	11.7%	12.8%	1.3%				$1.88
		John Hancock Global Trust/Hancock	—*	7.0%	1.1%	$111	–21%	8.50%	$1.48
		Harbor International/HCA Securities	—*	35.9	0.7	22	185	none	1.78p
		Helvetia Fund/closed end	—*	5.3	0.2	92	5	NA	1.83
		IAI International Fund/IAI Funds	—*	12.3	1.0	19	46	none	2.10p
		IDS International Fund/IDS	—*	5.4	0.9	198	–19	5.00%	*1.42*
		IDS Strategy–Pan Pacific Growth/IDS	—*	2.1	0.6	49	–19	5.00r	*2.22*
		Italy Fund/closed end	—*	21.6	1.8	67	19	NA	2.00
		Ivy International Fund/Ivy	—*	23.3	0.6	37	58	none	1.90
A	B	Japan Fund/Scudder	20.5%	2.8	0.3	363	–10	none	1.01
B	•C	Kemper International Fund/Kemper	—*	9.6	2.3	182	2	8.50	1.08p
D	B	Keystone International Fund/Keystone	12.4	2.8	1.0	114	–3	4.00b	*2.19*
D	D	Keystone Precious Metals/Keystone	0.2	–6.2	0.5	203	–21	4.00b	*1.68*
B	C	Kleinwort Benson–Intl Equity[1]/Kleinwort	12.5	14.3	none	62	8	none	*2.31*
		Korea Fund/closed end	—*	37.0	1.0	323	22	NA	1.54
		Lexington Global Fund/Lexington	—*	9.0	0.6	42	29	5.00	1.80
		MacKay-Shields MainStay–Global/NYLife	—*	5.1	1.3	19	6	5.00r	*3.60*
		Mackenzie Canada Fund/Mackenzie	—*	0.6	0.7	11	250	5.00	*2.36p*
		Malaysia Fund/closed end	—*	18.5	1.5	80	15	NA	1.88
		Merrill Lynch EuroFund-B[2]/ML Funds	—*	10.7	1.4	209	–29	4.00r	*2.38*
		Merrill Lynch Global Convert-B[2]/ML Funds	—*	2.6	4.1	34	–22	4.00r	*2.48p*
		Merrill Lynch Intl Holdings/ML Funds	—*	10.7	2.9	187	–20	6.50	1.47
A	C	Merrill Lynch Pacific Fund/ML Funds	23.8	8.4	1.2	288	–1	6.50	1.02
A+	•C	Mexico Fund/closed end	—*	64.8	3.9	226	56	NA	1.77
		MFS Lifetime Global Equity Trust/Mass Finl	—*	9.6	3.2	42	–2	6.00r	*2.48p*
C	A	New Perspective Fund/American Funds	16.0	12.4	3.0	1,100	9	5.75	*0.69*
		Nomura Pacific Basin Fund/Nomura	—*	8.3	0.3	66	–24	none	1.25p
C	C	Oppenheimer Global Fund/Oppenheimer	14.7	21.3	0.3	455	11	8.50	1.89
		PaineWebber Classic Atlas Fund/PaineWebber	—*	12.0	3.0	186	–13	4.50	*1.38p*
B	•C	T Rowe Price International Stock/Price	—*	12.5	1.7	688	5	none	1.17
		Princor World Fund/Princor	—*	2.7	1.4	13	332	5.00	*1.55*
		Pru-Bache Global Fund/Pru-Bache	—*	2.5	3.2	402	–28	5.00r	*1.83p*
		Pru-Bache Global Genesis/Pru-Bache	—*	13.3	none	14	21	5.00r	3.60p

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Annual Fund Ratings/Foreign

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		Morgan Stanley Capital Intl EAFE index	20.4%	9.5%	1.3%				
		FORBES foreign stock fund composite	11.7%	12.8%	1.3%				$1.88
		Pru-Bache Global Natural Res/Pru-Bache	—*	4.2%	0.2%	$44	–15%	5.00%r	*$2.94p*
B	C	Putnam International Equities/Putnam	17.3%	11.6	1.5	466	–8	8.50	1.61
		Scudder GLBL–Global Fund/Scudder	—*	23.9	1.2	91	12	none	1.98p
B	C	Scudder International Fund/Scudder	16.0	16.1	none	564	2	none	1.22
		Scudder New Asia Fund/closed end	—*	4.2	none	91	4	NA	1.90
		Sigma World Fund/Sigma	—*	4.1	none	7	–10	6.00	*2.13p*
		SLH Equity–International/Shearson	—*	9.8	none	70	–28	5.00r	*2.75*
		SLH Global Opportunities/Shearson	—*	8.1	1.2	94	–33	5.00	1.46
		SLH Investment–Global Equity/Shearson	—*	8.5	6.5	9	–6	5.00r	*2.68p*
		SLH Precious Metals & Mins/Shearson	—*	–16.3	none	36	–40	5.00	1.78
		Spain Fund/closed end	—*	18.6	1.1	128	17	NA	1.98
		SteinRoe–International Growth/Stein Roe	—*	6.4	0.1	16	12	none	2.85p
		Taiwan Fund/closed end	—*	97.2	none	117	43	NA	2.50
		Templeton Emerging Markets/closed end	—*	22.6	1.3	128	21	NA	1.86
•C	•B	Templeton Foreign Fund/Templeton	—*	17.0	3.0	389	31	8.50	0.81
C	•B	Templeton Global I/Templeton	—*	17.6	3.5	872	214	†	0.52
C	B	Templeton Growth Fund/Templeton	14.8	16.4	3.2	2,106	40	8.50	0.69
		Thai Fund/closed end	—*	28.9	2.0	135	20	NA	1.72
		Thomson McKinnon–Global/Thomson	—*	12.4	none	55	–19	5.00r	*2.40*
		Transamerica Spec Global Grow[1]/Transamerica	—*	6.7	none	8	–21	6.00r	*3.24*
		United Gold & Government Fund/Waddell	—*	–4.5	2.0	82	–30	8.50	1.42
C	A	United International Growth/Waddell	17.7	–0.1	2.1	258	–11	8.50	1.12
F	D	United Services–Gold Shares Fund/United	–3.7	7.0	5.6	235	0	none	1.46p
		United Services–New Prospector/United	—*	–16.4	none	86	–18	4.00b	1.60p
		United Services–Prospector Fund/United	—*	–2.4	none	37	–18	2.00†b	1.78
		US Boston Inv–Foreign G&I/US Boston	—*	13.0	0.1	22	124	1.00r	*2.00p*
		UST Master Funds–Intl/UST Secs	—*	13.8	0.7	13	24	4.50	1.28p
D	C	Van Eck International Investors/Van Eck	3.5	–0.8	2.7	726	–16	8.50	0.83
		Van Eck World Trends Fund/Van Eck	—*	0.3	1.2	62	–21	5.75	*1.63*
		Vanguard Spec–Gold & Prec/Vanguard	—*	–3.3	2.9	124	–9	1.00b	0.48
•C	•A	Vanguard Trustees Comm–Intl/Vanguard	—*	10.3	2.1	509	–16	none	0.51
		Vanguard World–Intl Grow/Vanguard	—*	7.2	1.5	461	–8	none	0.60
		Warburg International Fund/Keffer	—*	6.5	1.3	11	57	4.50	1.50p

• Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* †Closed to all new investors. b: Includes back-end load that reverts to fund. p: Net of partial absorption of expenses by fund sponsors. r: Includes back-end load that reverts to distributor. NA: Not applicable or not available. [1]Formerly Criterion Special Global Growth Fund.

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Foreign bond funds

Over the last 12 months, the dollar has climbed 8% against a weighted average of foreign currencies. That's why foreign bond funds have done so poorly of late. Foreign bond funds are too new to be graded.

Fund/distributor	Total return last 12 months	Yield	Assets 6/30/89 (millions)	Assets % change '89 vs '88	Maximum sales charge	Annual expenses per $100
Forbes foreign bond fund composite	2.5%	10.4%				$1.46
Fidelity Global Bond Fund/Fidelity	5.3%	8.4%	$43	–46%	none	$1.14p
First Australia Prime Income/closed end	–3.2	13.7	767	–14	NA	1.23
Freedom Inv II–Global Income+/Freedom	5.7	7.3	233	78	3.00%r	*1.70*
Global Government Plus/closed end	0.6	13.1	425	–10	NA	1.01
Global Yield Fund/closed end	2.9	18.1	596	–11	NA	1.01
GT Investment–Global Inc/GT Global	6.5	8.8	33	149	4.75	*0.00*
International Cash–Global[1]/Huntington	4.0	6.8	85	–26	1.25	*2.10p*
Kleinwort Benson Australian Inc/closed end	–1.1	16.0	62	–16	NA	1.73
Mass Financial Intl-Bond/Mass Finl	5.8	8.2	127	–23	7.25	1.12p
Merrill Lynch Retire Global-B/ML Funds	3.3	12.3	267	–15	4.00r	*1.74p*
PaineWebber Master Global Inc/PaineWebber	2.5	10.2	1,099	0	5.00r	*1.97*
T Rowe Price International Bond/Price	–4.5	8.6	263	–38	none	1.20
Putnam Global Governmental/Putnam	4.3	10.6	154	19	4.75	*1.66*
SLH–Global Bond/Shearson	3.7	5.8	102	–38	5.00r	*1.98*
Templeton Global Income Fund/closed end	4.6	11.4	983	–2	NA	0.78

Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force. p: Net of partial absorption of expenses by fund sponsor. r: Includes back-end load that reverts to distributor. NA: Not applicable or not available. [1]Fund invests in foreign money market instruments; currency changes cause reduction in net asset value.

Table of distributors, showing addresses and phone numbers, begins on page 284. Rules and definitions, page 193.

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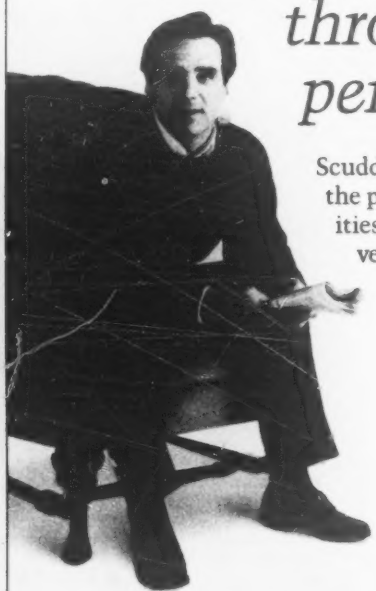

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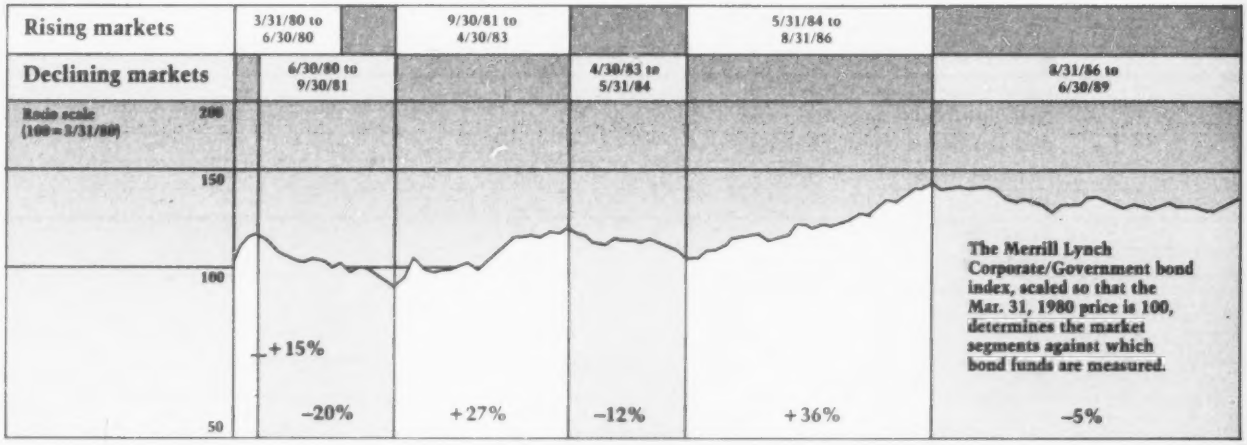
Taxable bond funds

Bond funds are rated according to the same formula as stock funds, with separate grades for up and down markets. The concept: It's easy to do well in either bull markets (by buying long-term bonds) or bear markets (by going short) but hard to do well in both. The rating period for bond funds starts in March 1980. To be rated at all, a bond fund must have been in existence since April 1983 (two full market cycles). Our benchmark for evaluating bond funds is the Merrill Lynch corporate/government bond index. Municipal bond funds are listed separately starting on page 264.



Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return Annual average 1980 to 1989	Total return Last 12 months	Yield	Assets 6/30/89 (millions)	Assets % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Merrill Lynch corporate/govt bond index	13.7%	12.6%	8.7%				
		Forbes bond and preferred stock composite	13.4%	10.1%	9.9%				$1.31
		AARP Income–General Bond/Scudder	—*	12.6%	8.1%	$127	3%	none	$1.15
		AARP Inc–GNMA & US Treas/Scudder	—*	9.1	8.7	2,583	–9	none	0.78
		ACM Government Income Fund/closed end	—*	9.0	11.9	506	–1	NA	1.99
		ACM Government Securities/closed end	—*	10.8	11.8	700	0	NA	1.77
		ACM Government Spectrum/closed end	—*	8.9	11.2	283	–3	NA	1.32
		Advantage Government Securities/Advest	—*	7.1	9.0	124	–43	4.00%r	*1.88*
D	A	Aim High Yield Securities/AIM	12.7%	6.9	13.8	71	–12	4.75	*1.44*
		Alliance Bond–High Yield/Alliance	—*	6.8	13.1	275	–23	5.50	*1.27*
B	D	Alliance Bond–Monthly Inc Shs/Alliance	13.7	13.2	9.1	52	39	5.50	*1.83*
		Alliance Bond–US Government/Alliance	—*	10.9	10.4	533	1	5.50	*1.11*
		Alliance Mortgage Secs Income/Alliance	—*	7.4	11.2	607	–7	5.50	*1.11*
B	C	American Capital Bond Fund/closed end	13.6	3.8	10.3	222	–4	NA	0.68
C	B	American Capital Corp Bond/American Cap	13.5	8.7	10.4	248	19	4.75	0.74
		American Capital Govt Secs/American Cap	—*	12.1	9.8	4,933	–19	4.75	*0.82*
C	C	American Capital High Yld Inv/American Cap	13.0	4.5	14.4	610	2	4.75	0.76
		American Capital Income Trust/closed end	—*	9.5	12.6	135	–1	NA	0.93

*Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* r: Includes back-end load that reverts to distributor. NA: Not applicable or not available.

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Merrill Lynch corporate/govt bond index	13.7%	12.6%	8.7%				
		Forbes bond and preferred stock composite	13.4%	10.1%	9.9%				$1.31
		American Income-US Govt Guar/American Funds	—*	8.7%	9.7%	$485	20%	4.75%	*$0.97*
		American Government Income/closed end	—*	9.1	12.8	139	1	NA	1.40
		American High-Income Trust/American Funds	—*	12.0	11.1	119	135	4.75	*0.70p*
B	D	AMEV Securities/closed end	13.1%	10.7	10.4	112	2	NA	0.83
C	B	AMEV US Govt Securities Fund/AMEV	13.5	10.1	9.3	112	5	4.50	0.87
A	C	Axe-Houghton Income Fund/Axe	14.5	9.7	9.7	63	8	none	*1.35*
D	B	Babson Bond Trust–Long-Term/Jones & Babson	12.8	12.3	9.4	72	10	none	0.97
		Bartlett Capital–Fixed Income/Bartlett	—*	10.0	8.8	163	–1	none	1.00
		Benham Government Inc–GNMA/Benham	—*	11.3	8.9	260	2	none	0.75p
		Benham Target Maturities–2015/Benham	—*	42.7	1.5	166	NM	none	0.70
•D	A	Benham Treasury Note Fund/Benham	—*	9.1	7.6	82	47	none	0.75p
C	B	Bond Fund of America/American Funds	14.1	10.8	9.3	1,238	36	4.75	*0.66*
B	C	Bunker Hill Income Securities/closed end	13.7	11.9	10.5	47	–1	NA	1.07
		Cardinal Government Guaranteed/Ohio Co	—*	9.2	9.7	123	–18	4.75	0.74
B	A	Cigna High Yield Fund/Cigna	15.1	11.1	12.0	300	14	5.00	*0.97p*
B	C	Cigna Income Fund/Cigna	14.0	12.4	8.9	223	–5	5.00	*0.95*
C	B	Circle Income Shares/closed end	13.4	10.8	10.8	33	2	NA	0.99
B	C	CNA Income Shares/closed end	14.5	10.2	11.6	83	2	NA	0.88
		Colonial Government Secs Plus/Colonial	—*	13.3	8.3	2,759	–15	6.75	*1.16*
C	A	Colonial High Yield Securities/Colonial	14.1	8.1	12.3	455	–2	4.75	*1.17*
C	D	Colonial Income Trust/Colonial	12.7	11.5	10.2	162	–2	4.75	*1.13*
		Columbia Fixed Income Secs/Columbia	—*	12.2	8.1	103	–1	none	0.77
C	D	Composite Income Fund/Murphey Favre	12.1	6.5	10.7	137	–17	4.00	*1.02*
		Comstock Partners Strategy Fund/closed end	—*	20.6	7.5	1,362	11	NA	0.89
A	D	Current Income Shares/closed end	14.6	12.8	9.1	46	3	NA	1.00
		Dean Witter Government Income/closed end	—*	9.7	10.5	539	–16	NA	0.75
		Dean Witter Govt Secs Plus/Dean Witter	—*	12.3	7.7	1,938	13	5.00r	*1.50*
B	D	Dean Witter High Yield Secs/Dean Witter	12.8	3.4	16.2	1,988	–6	5.50	0.47
		Dean Witter US Govt Securities/Dean Witter	—*	8.6	9.7	10,072	–6	5.00r	*1.22*
B	C	Delaware Group Delchester H-Y–I/Delaware	13.9	9.9	12.4	694	14	6.75	0.86
		Delaware Group Govt–Govt Inc/Delaware	—*	8.7	8.9	141	–13	4.75	*1.21*
		Delaware Group Treasury–Inv/Delaware	—*	7.7	8.4	108	–22	none	*0.90*
		Drexel Series–Government Secs/Drexel	—*	10.9	6.7	148	–50	5.00r	*1.91*
D	A	Dreyfus A Bonds Plus/Dreyfus	12.3	14.3	8.4	294	13	none	0.94
		Dreyfus GNMA Fund/Dreyfus	—*	7.6	8.8	1,628	–17	none	*0.99*

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Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Annual Fund Ratings/Taxable Bond

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Merrill Lynch corporate/govt bond index	13.7%	12.6%	8.7%				
		FORBES bond and preferred stock composite	13.4%	10.1%	9.9%				$1.31
		Dreyfus Strategic Govt Inc/closed end	—*	8.7%	9.4%	$160	11%	NA	$0.92
		Eaton Vance Government Oblig/Eaton Vance	—*	9.7	9.9	304	–14	4.75%	*1.19*
F	A+	1838 Bond-Debenture Trading[1]/closed end	15.6%	14.5	8.9	54	4	NA	1.21
		Equitec Siebel US Govt Secs/Equitec	—*	6.8	9.8	299	56	5.00r	*2.07p*
B	F	Excelsior Income Shares/closed end	12.5	11.3	7.6	39	3	NA	1.07
		Federated GNMA Trust/Federated	—*	12.3	9.0	1,581	–17	none	0.53
C	B	Federated High Income Securities/Federated	13.6	11.8	12.7	384	4	4.50	1.05p
		Federated High Yield Trust/Federated	—*	10.6	13.4	219	–9	none	0.75p
		Federated Income Trust/Federated	—*	9.7	9.1	1,102	–19	none	0.52
		Federated Intermediate Govt/Federated	—*	9.2	8.2	1,162	–18	none	0.47p
		Federated Short-Intermed Govt/Federated	—*	8.3	8.3	1,987	–31	none	0.47p
C	D	Fidelity Flexible Bond Fund/Fidelity	12.2	11.9	8.7	362	13	none	0.66
		Fidelity Ginnie Mae/Fidelity	—*	10.8	8.1	641	–12	none	0.87
D	B	Fidelity Government Securities/Fidelity	11.4	10.1	8.3	555	–13	none	0.79
A	A	Fidelity High Income Fund/Fidelity	15.5	9.5	12.2	1,976	21	none	0.77
D	A	Fidelity Intermediate Bond Fund/Fidelity	12.7	10.2	8.8	565	21	none	0.62p
		Fidelity Mortgage Securities/Fidelity	—*	10.3	8.1	428	–12	none	0.90
		Fidelity Short-Term Bond/Fidelity	—*	8.3	8.7	226	–42	none	0.89
		Fidelity Short-Term Government/Fidelity	—*	8.8	8.2	125	882	none	0.21p
		First Boston Income Fund/closed end	—*	11.0	10.3	211	0	NA	0.95
D	C	First Investors Bond Appreciation/First Inv	11.1	0.4	12.5	184	–16	7.25	*1.22*
D	C	First Investors Fund for Income/First Inv	11.1	7.3	13.1	1,681	–3	8.50	*0.99*
		First Investors Government Fund/First Inv	—*	10.0	8.6	237	–21	7.25	*0.99p*
		First Investors High Yield Fund/First Inv	—*	5.0	12.5	736	95	7.25	*1.30*
		First Trust–US Government/Brown & Assoc	—*	10.8	8.7	244	–5	2.50	*0.98*
A+	F	Fort Dearborn Income Securities/closed end	15.1	14.1	8.8	107	4	NA	0.80
C	B	Franklin AGE High Income Fund/Franklin	13.5	7.9	13.5	2,323	23	4.00	0.57
D	D	Franklin US Government Secs/Franklin	11.5	9.5	10.0	11,455	–8	4.00	0.50
		Freedom Inv–Govt Plus/Freedom	—*	11.6	7.4	149	–10	3.00r	*1.35*
C	D	Fund for US Govt Securities/Federated	12.6	11.5	9.1	1,065	–8	4.50	0.96
		Government Income Securities/Federated	—*	11.0	8.7	1,435	–18	1.75r	0.88
B	C	John Hancock Bond Trust/Hancock	13.5	12.2	9.4	1,127	1	8.50	0.80
A+	D	John Hancock Income Securities/closed end	14.7	12.6	9.3	150	4	NA	0.70
C	B	John Hancock Investors Trust/closed end	14.3	12.2	9.4	148	1	NA	0.70
		John Hancock US Govt Guar Mort/Hancock	—*	10.6	8.9	362	–12	8.50	0.87

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Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Merrill Lynch Corporate/govt bond index	13.7%	12.6%	8.7%				
		Forbes bond and preferred stock composite	13.4%	10.1%	9.9%				$1.31
D	B	John Hancock US Govt Securities/Hancock	11.5%	9.3%	8.6%	$186	–8%	8.50%	$1.02
B	B	Hatteras Income Securities/closed end	14.2	11.8	9.7	51	1	NA	0.99
		High Income Advantage Trust/closed end	—*	4.6	14.3	271	–4	NA	*0.87*
		Home Investors Govt Guar Inc/Integrated	—*	10.0	8.8	164	–11	5.00r	*1.78*
D	C	IAI Bond Fund/IAI Funds	12.1	13.3	7.1	66	47	none	0.90p
B	C	IDS Bond Fund/IDS	14.4	13.2	9.1	1,798	2	5.00	0.76
		IDS Extra Income Fund/IDS	—*	9.6	11.9	1,334	14	5.00	*0.81*
		IDS Federal Income Fund/IDS	—*	8.4	8.0	183	0	5.00	*0.79*
A	C	IDS Selective Fund/IDS	14.2	12.1	8.6	1,112	0	5.00	0.78
		IDS Strategy–Income/IDS	—*	9.9	7.2	192	22	5.00r	*1.68*
B	D	INA Investment Securities/closed end	13.5	12.6	9.6	87	2	NA	1.18
A	D	Independence Square Income Secs/closed end	14.3	17.3	9.0	32	7	NA	0.86
A	C	InterCapital Income Securities/closed end	15.0	12.3	10.8	221	4	NA	0.67
		Investment Port–Govt Plus/Kemper	—*	8.7	10.1	6,120	–4	5.00r	*1.99*
		Investment Port–High Yield/Kemper	—*	7.5	12.0	848	83	5.00r	*2.01*
		Kemper High Income Trust/closed end	—*	6.0	13.2	210	–4	NA	1.28
B	A+	Kemper High Yield Fund/Kemper	16.3	9.1	12.9	1,595	111	4.50	0.58
C	C	Kemper Income & Capital Preserv/Kemper	13.0	11.0	10.7	370	25	4.50	0.65
C	D	Kemper US Government Secs/Kemper	12.1	10.9	9.9	4,372	–1	4.50	0.48
		Keystone America High Yld Bond/Keystone	—*	9.3	12.0	146	30	4.00r	*1.78p*
C	D	Keystone Custodian B-1/Keystone	11.9	10.5	8.3	425	–9	4.00b	*1.75*
C	C	Keystone Custodian B-2/Keystone	12.6	9.3	10.0	987	12	4.00b	*1.86*
D	C	Keystone Custodian B-4/Keystone	12.6	9.9	13.2	1,228	–2	4.00b	*1.94*
		Kidder, Peabody Government Inc/Kidder	—*	9.7	8.1	114	–12	5.00r	*1.74*
D	D	Lexington GNMA Income Fund/Lexington	10.7	12.0	8.6	95	–10	none	1.07
D	A+	Lincoln Natl Direct Placement/closed end	16.2	11.1	8.0	71	2	NA	0.97
D	A	Lord Abbett Bond-Debenture/Lord Abbett	13.8	10.0	10.7	714	–6	7.25	0.64
D	A	Lord Abbett US Govt Secs/Lord Abbett	13.9	10.1	10.9	1,152	27	4.75	*0.88*
		Lutheran Brotherhood High Yield/Lutheran	—*	10.1	11.7	149	62	5.00	1.21p
A	B	Lutheran Brotherhood Income/Lutheran	15.3	14.3	9.1	737	3	5.00	1.03p
		MacKay-Shields MainStay–Govt +/NYLife	—*	11.6	9.9	508	19	5.00r	*2.00*
		MacKay-Shields MainStay–H-Y Corp/NYLife	—*	11.1	15.4	178	70	5.00r	*2.20*
B	D	Mass Financial Bond Fund/Mass Finl	13.2	10.4	8.8	316	2	7.25	0.83
B	B	Mass Financial High Inc–Series I/Mass Finl	14.4	10.5	12.8	821	–13	7.25	0.87
D	A+	MassMutual Corporate Investors/closed end	17.3	11.8	7.0	136	4	NA	2.43

*Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* p: Net of partial absorption of expenses by fund sponsor. r: Includes back-end load that reverts to distributor. NA: Not applicable or not available.

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Annual Fund Ratings/Taxable Bond

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Merrill Lynch corporate/govt bond index	13.7%	12.6%	8.7%				
		FORBES bond and preferred stock composite	13.4%	10.1%	9.9%				$1.31
D	A	Merrill Lynch Corp–High Inc-A[1]/ML Funds	13.7%	9.5%	12.4%	$788	2%	4.00%	$0.66
•B	•C	Merrill Lynch Corp–High Qual-A[1]/ML Funds	—*	12.2	8.9	334	30	4.00	0.64
•C	•C	Merrill Lynch Corp–Intermed/ML Funds	—*	10.4	8.9	86	–14	2.00	0.70
		Merrill Lynch Federal Securities/ML Funds	—*	10.6	9.5	2,839	–25	4.00	*0.74*
		Merrill Lynch Retire/Income/ML Funds	—*	9.8	8.8	1,735	–10	4.00r	*1.42*
		MetLife-State Street Govt Inc/MetLife	—*	9.8	9.5	1,274	–25	none	*1.04*
		MetLife-State Street High Income/MetLife	—*	12.0	11.8	107	128	4.50	*1.25p*
		MFS Government Guar Secs/Mass Finl	—*	9.9	9.0	355	–9	4.75	*1.40*
		MFS Government Markets Inc/closed end	—*	9.6	10.7	854	–3	NA	1.10
		MFS Government Secs Hi Yld/Mass Finl	—*	12.1	7.7	1,333	2	4.75	*1.38p*
		MFS Intermediate Income/closed end	—*	7.2	9.4	1,766	–4	NA	1.07
		MFS Lifetime Govt Inc Plus/Mass Finl	—*	9.4	6.6	3,397	22	6.00r	*2.01p*
		MFS Lifetime High Income Trust/Mass Finl	—*	8.5	9.9	149	25	6.00r	*2.17p*
		MFS Lifetime Mngd Muni Bond/Mass Finl	—*	12.7	6.1	315	44	6.00r	*2.09*
		MFS Multimarket Income Trust/closed end	—*	8.4	10.5	1,048	–5	NA	1.12
•D	•D	Midwest Income–Intermed Govt/MGF	—*	8.6	7.7	44	–20	2.00	*1.03*
B	D	Montgomery Street Income Secs/closed end	13.8	9.6	9.9	151	–1	NA	0.51
F	A	Mutual of Omaha America/Mutual of Omaha	11.0	12.9	8.3	51	–5	none	1.03
A+	B	Mutual of Omaha Interest Shares/closed end	15.7	12.9	11.0	95	3	NA	0.85
C	F	National Bond Fund/National Secs	10.7	6.8	13.3	669	–25	7.25	0.94
		National Federal Securities/National Secs	—*	9.9	10.3	583	–30	6.75	0.94
•C	D	Nationwide Bond Fund/Nationwide	—*	11.8	8.9	36	2	7.50	0.68
		Neuberger & Berman Ltd Mat Bond/Neuberger	—*	9.0	7.9	105	–17	none	0.63p
		New America High Income/closed end	—*	2.0	19.4	365	–7	NA	1.31
D	C	New England Bond Income/New England	12.2	9.6	7.1	72	12	6.50	*1.20*
		New England Government Secs/New England	—*	10.0	7.5	180	–4	6.50	*1.24*
C	C	Nicholas Income Fund/Nicholas	13.2	7.9	10.1	80	6	none	0.83
A	D	Northeast Investors Trust/Northeast Inv	14.5	7.7	13.4	405	6	none	0.72
D	B	Oppenheimer High Yield Fund/Oppenheimer	12.9	8.9	12.5	862	1	6.75	0.88
		Oppenheimer Multi Sector Inc/closed end	—*	7.4	9.6	306	–2	NA	1.01
		Oppenheimer US Government/Oppenheimer	—*	8.4	8.8	232	14	4.75	*1.67*
B	C	Pacific American Income Shares/closed end	14.5	9.7	10.2	103	16	NA	0.94
		PaineWebber Fixed Inc–GNMA/PaineWebber	—*	9.7	7.9	1,034	–32	4.25	0.67
		PaineWebber Fixed Inc–Hi Yld/PaineWebber	—*	5.2	13.0	427	–31	4.25	0.70
		PaineWebber Fixed Inc–Inv Gr/PaineWebber	—*	10.9	7.8	283	–30	4.25	0.70

•Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* p: Net of partial absorption of expenses by fund sponsor. r: Includes back-end load that reverts to distributor. NA: Not applicable or not available. [1]Fund has two classes of stock; one with a front-end load and one with a back-end load. Shown are combined assets for entire fund; load and expense data are for the initial class of shares.

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Annual Fund Ratings/Taxable Bond

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 1980 to 1989	Total return: Last 12 months	Yield	Assets: 6/30/89 (millions)	Assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Merrill Lynch corporate/govt bond index	13.7%	12.6%	8.7%				
		FORBES bond and preferred stock composite	13.4%	10.1%	9.9%				$1.31
		PaineWebber Master Income/PaineWebber	—*	10.1%	7.0%	$224	–27%	5.00r%	*$1.87*
•C	•B	Phoenix High Yield Fund/Phoenix	—*	9.3	11.9	158	2	4.75	0.88
		Pilgrim GNMA Fund/Pilgrim	—*	10.0	9.4	145	–21	4.75	*1.00p*
C	B	Pilgrim High Yield Trust/Pilgrim	13.0%	7.6	13.1	35	–24	4.75	*1.76*
		Pilgrim Preferred Fund/Pilgrim	—*	–1.1	16.6	113	–26	2.25	*1.14p*
		Pilgrim Prime Rate Trust[1]/closed end	—*	10.8	10.3	480	NM	3.00	1.18p
D	B	Pioneer Bond Fund/Pioneer	12.6	11.2	8.9	64	20	4.50	0.80
		T Rowe Price GNMA Fund/Price	—*	9.9	9.4	359	–5	none	0.94
		T Rowe Price High Yield Fund/Price	—*	10.7	12.7	1,260	31	none	0.95p
F	A	T Rowe Price New Income Fund/Price	10.9	10.4	9.3	973	18	none	0.91
		T Rowe Price Short-Term Bond/Price	—*	7.8	8.5	215	–26	none	0.94
		Pru-Bache GNMA Fund/Pru-Bache	—*	8.0	7.4	224	–12	5.00r	*1.52*
		Pru-Bache Government Plus/Pru-Bache	—*	10.4	7.3	3,825	–6	5.00r	*1.35*
		Pru-Bache Government Plus II/Pru-Bache	—*	15.3	7.0	174	–5	5.00r	*2.06*
		Pru-Bache Govt Secs–Intermed/Pru-Bache	—*	8.7	10.1	428	–19	none	*0.89*
C	B	Pru-Bache High Yield Fund/Pru-Bache	13.4	7.4	11.2	2,863	18	5.00r	*1.30*
		Prudential Intermediate Income/closed end	—*	8.7	10.3	461	1	NA	0.97
		Prudential Strategic Income/closed end	—*	8.0	11.9	601	–3	NA	0.95
		Putnam GNMA Plus Trust/Putnam	—*	10.2	8.1	1,075	–29	4.75	*1.01*
		Putnam High Inc Convert & Bond/closed end	—*	8.9	10.2	106	–2	NA	1.18
		Putnam High Income Govt/Putnam	—*	10.9	8.7	8,307	–19	6.75	*0.75*
B	B	Putnam High Yield Trust/Putnam	15.1	9.9	13.1	2,493	6	6.75	0.61
		Putnam High Yield Trust II/Putnam	—*	10.5	11.9	434	14	6.75	*1.07*
B	C	Putnam Income Fund/Putnam	14.4	11.8	9.7	381	10	6.75	0.76
		Putnam Intermediate Govt Inc/closed end	—*	8.9	8.9	557	0	NA	NA
		Putnam Master Income Trust/closed end	—*	21.4	20.3	507	–1	NA	NA
		Putnam Master Intermediate Inc/closed end	—*	7.9	11.4	361	–4	NA	NA
		Putnam Premier Income Trust/closed end	—*	12.4	9.9	1,280	0	NA	NA
		Putnam US Govt Guaranteed Secs/Putnam	—*	9.8	9.8	1,374	1	4.75	0.81
F	D	Revere Fund/closed end	7.2	–12.8	12.7	27	–22	NA	1.36
		Scudder GNMA Fund/Scudder	—*	9.7	8.7	253	0	none	1.04
C	C	Scudder Income Fund/Scudder	13.1	12.3	8.3	264	9	none	0.94
D	A	Security Income–Corporate Bond/Security Dist	12.3	10.6	10.0	55	7	4.75	*1.02*
•D	B	Sentinel Bond Fund/Equity	—*	12.3	8.8	28	6	8.50	0.97
A	F	Sigma Income Shares/Sigma	12.6	6.2	8.0	36	3	4.50	*0.94*

•Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* p: Net of partial absorption of expenses by fund sponsor. r: Includes back-end load that reverts to distributor. NA: Not applicable or not available. [1]Legally a closed end investment company that acts like an open end money fund.

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return - Annual average 1980 to 1989	Total return - Last 12 months	Yield	Assets 6/30/89 (millions)	Assets % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Merrill Lynch corporate/govt bond index	13.7%	12.6%	8.7%				
		Forbes bond and preferred stock composite	13.4%	10.1%	9.9%				$1.31
•A	•B	SLH High Yield Fund/Shearson	—*	7.5%	13.0%	$507	–3%	5.00%	$0.73
		SLH–High Income/Shearson	—*	7.7	11.4	610	49	5.00r	*1.62*
		SLH Investment–Govt Secs[1]/Shearson	—*	11.7	8.4	2,385	–30	5.00r	*1.34p*
		SLH Investment–Inv Grade[2] Bond/Shearson	—*	14.1	8.2	507	–19	5.00r	*1.22p*
		SLH Managed Govt/Shearson	—*	8.7	8.9	623	–32	5.00	0.77
		Smith Barney–US Government/Smith Barney	—*	12.2%	9.1	331	–5	4.00	0.42
D	B	State Mutual Securities Trust/closed end	12.9%	10.6	10.2	91	0	NA	0.83
		SteinRoe–High Yield Bonds/Stein Roe	—*	11.1	9.9	110	14	none	0.89
C	D	SteinRoe–Managed Bonds/Stein Roe	12.1	10.9	8.5	165	2	none	0.74
		Strong Income Fund/Strong	—*	11.9	10.6	252	51	none	1.20
		Thomson McKinnon–Income/Thomson	—*	7.1	10.1	620	21	5.00r	*1.60*
		Thomson McKinnon–US Govt/Thomson	—*	9.9	8.9	630	–18	5.00r	*1.70*
		Transamerica Bond–US Govt Hi Yld/Transamerica	—*	10.8	10.2	1,123	–20	4.75	*1.09*
A+	C	Transamerica Income Shares/closed end	16.0	14.5	9.5	122	4	NA	0.68
•A	•D	Transamerica Inv Quality Bond[3]/Transamerica	—*	10.2	9.6	107	–16	4.75	*1.16*
		20th Century US Governments/20th Century	—*	8.3	9.2	428	1	none	1.00
A	C	United Bond Fund/Waddell	14.8	12.5	8.9	369	11	8.50	0.65
		United Government Securities/Waddell	—*	11.1	8.3	111	–19	4.25	0.76
B	C	United High Income Fund/Waddell	13.8	8.9	13.1	1,250	0	††	0.73
		United High Income Fund II/Waddell	—*	8.3	11.9	322	35	8.50	0.84
		USAA Mutual–Income Fund/USAA	—*	13.7	9.2	319	17	none	0.61
A	D	USLife Income Fund/closed end	13.7	12.8	9.4	52	3	NA	1.29
•B	•C	Value Line US Government Secs/Value Line	—*	9.1	9.2	246	–6	none	0.66
		Van Kampen Merritt Hi Yld/Van Kampen	—*	8.1	12.6	354	44	4.90	*1.29*
		Van Kampen Merritt US Govt/Van Kampen	—*	10.9	8.4	3,670	–21	4.90	*0.71*
•B	•A	Vanguard Fixed Income–GNMA/Vanguard	—*	11.7	9.1	1,994	6	none	0.35
C	A	Vanguard Fixed Income–High Yld/Vanguard	13.9	9.2	12.4	1,282	16	none	0.41
C	B	Vanguard Fixed Income–Inv Gr/Vanguard	13.7	15.6	8.9	826	28	none	0.38
		Vanguard Fixed Income–S-T/Vanguard	—*	9.5	8.3	526	2	none	0.34
		Vanguard Fixed Inc–US Govt S-T/Vanguard	—*	9.5	8.5	179	195	none	0.32
		Vanguard Fixed Inc–US Treas/Vanguard	—*	18.2	7.9	310	210	none	0.36
A	D	Vanguard Preferred Stock Fund/Vanguard	14.4	16.5	6.2	72	–13	none	0.69
•C	B	Venture Income (+) Plus/Venture	—*	5.9	14.1	52	–19	4.75	1.19
A	C	Vestaur Securities/closed end	14.7	14.1	8.6	91	2	NA	1.00
		Zenith Income Fund/closed end	—*	7.6	14.5	168	0	NA	1.10

•Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* p: Net of partial absorption of expenses by fund sponsor. r: Includes back-end load that reverts to distributor. NA: Not applicable or not available. ††Closed to new investors. [1]Formerly Hutton Investment Government Securities Fund. [2]Formerly Hutton Investment–Bond & Income Fund. [3]Formerly Criterion Bond Investment Quality Fund.

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Municipal bond funds

We rate tax-exempt bond funds over the five-year period June 30, 1984 to June 30, 1989. Our benchmark is the Shearson Lehman municipal bond index. Each month in the period is pegged as bearish or bullish, according to the performance of the Shearson index. For each rated fund a composite bull-market performance is calculated and the funds are awarded grades on the curve. Ditto for the down-market calculation. Some adjustment is made to compensate one-state municipal bond funds for their handicap in buying only local bonds. In general, a short-term fund can be expected to get an A or B in down markets and a D or F in up markets. The reverse is true for long-term funds.

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Date started	Latest 12 months total return	Latest 12 months return from income dividends	Total assets 6/30/89 (millions)	Total assets % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Shearson Lehman municipal bond index		11.4%	7.8%				
		Forbes municipal bond composite		12.1%	6.7%				$0.79
		AARP Insured T-F Inc–Genl Bond/Scudder	11/84	15.0%	6.4%	$495	72%	none	$0.83
		Alliance Muni Income–Calif/Alliance	12/86	14.0	7.1	68	184	4.00%	*0.40p*
		Alliance Muni Income–Ins Calif/Alliance	11/85	13.5	6.5	46	9	4.00	*0.54p*
		Alliance Muni Income–Ins Natl/Alliance	12/86	13.5	6.6	108	3	4.00	*1.06*
		Alliance Muni Income–Natl[1]/Alliance	12/86	13.5	7.3	112	188	4.00	*0.40p*
		Alliance Muni Income–NY/Alliance	12/86	13.9	7.2	58	190	4.00	*0.43p*
		Allstate Municipal Income/closed end	9/87	13.4	7.5	329	6	NA	0.76
		Allstate Municipal Income II/closed end	5/88	12.9	7.4	283	5	NA	0.82
B	D	American Capital Muni Bond/American Cap	11/76	15.1	7.3	236	28	4.75	0.70
		American Capital T-E–Hi Yld/American Cap	1/86	10.0	8.5	235	28	4.75	*0.94p*
		American Funds Tax-Ex I–Md/American Funds	8/86	10.6	6.0	29	12	4.75	*0.61p*
		American Funds Tax-Ex I–Va/American Funds	8/86	10.8	6.0	30	23	4.75	*0.61p.*
		American Funds T-E II–Calif/American Funds	10/86	12.0	6.0	66	64	4.75	*0.93*
		Benham Calif Tax-Free–High Yld/Benham	1/87	12.6	7.5	30	196	none	0.00p
		Benham Calif Tax-Free–Insured/Benham	1/87	13.3	6.5	41	47	none	0.65
D	B	Benham Calif Tax-Free–Intermed/Benham	11/83	6.6	6.2	170	7	none	0.62
C	D	Benham Calif Tax-Free–L-T/Benham	11/83	11.5	6.9	177	12	none	0.60
C	B	California Tax-Exempt Bonds/National Secs	5/83	13.2	6.9	108	19	4.50	0.73
		California Tax-Free Income/California Inv	12/85	12.9	7.0	60	57	none	0.60p
F	A+	Calvert Tax-Free Reserves–Limited/Calvert	4/81	6.6	6.0	133	–16	2.00	*0.81*
		Churchill T-F Fund of Kentucky/Aquila	5/87	12.3	6.9	26	81	4.00	0.10p
A	F	Cigna Municipal Bond Fund/Cigna	3/77	13.2	7.1	256	8	5.00	*0.89*
		Colonial California Tax-Exempt/Colonial	6/86	11.2	6.9	150	22	4.75	*0.66p*
		Colonial Massachusetts Tax-Ex/Colonial	4/87	10.4	7.1	30	159	4.75	*0.22p*
		Colonial Municipal Income Trust/closed end	3/87	8.7	8.9	235	1	NA	0.87
		Colonial Ohio Tax-Exempt Trust/Colonial	9/86	11.3	6.3	28	1	4.75	*1.28p*
D	A	Colonial Tax-Exempt–High Yield/Colonial	11/78	9.6	7.6	1,506	11	4.75	*1.06*
		Colonial Tax-Exempt–Insured/Colonial	12/85	11.6	6.6	118	16	4.75	*1.12*

Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available. [1]Formerly Alliance T-F Income–High Income Fund.

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Date started	Latest 12 months total return	Latest 12 months return from income dividends	Total assets 6/30/89 (millions)	Total assets % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Shearson Lehman municipal bond index		11.4%	7.8%				
		Forbes municipal bond composite		12.1%	6.7%				$0.79
		Colorado Double Tax Exempt/Colorado Tax Ex	4/87	12.2%	6.5%	$28	—	3.90%	$1.00p
		Columbia Municipal Bond Fund/Columbia	7/84	10.5	6.5	154	21%	none[1]	0.63
D	C	Composite Tax-Exempt Bond/Murphey Favre	1/77	9.1	7.0	102	13	4.00	*0.80*
		Dean Witter Calif Tax-Free Inc/Dean Witter	7/84	12.3	6.0	493	25	5.00r	*1.34*
		Dean Witter NY Tax-Free Inc/Dean Witter	4/85	12.1	6.0	139	15	5.00r	*1.41*
B	B	Dean Witter Tax-Exempt Secs/Dean Witter	3/80	13.5	7.1	970	7	4.00	0.54
B	A	Delaware Group Tax-Free–USA/Delaware	1/84	14.3	7.2	510	19	4.75	0.77
C	B	DMC Tax-Free Income Trust–PA/Delaware	3/77	12.5	7.0	678	29	4.75	0.77
D	A	Double Exempt Flex Fund/Voyageur	2/84	9.7	6.8	164	14	4.00	0.77
D	C	Dreyfus California Tax-Ex Bond/Dreyfus	7/83	11.0	7.2	1,416	17	none	0.69
		Dreyfus Insured Tax-Exempt Bond/Dreyfus	6/85	11.7	6.7	189	6	none	*1.00*
D	A	Dreyfus Intermediate Tax-Ex Bond/Dreyfus	8/83	8.7	7.2	1,073	4	none	0.73
		Dreyfus Massachusetts T-E Bond/Dreyfus	6/85	9.9	6.9	100	16	none	0.81p
		Dreyfus NJ Tax-Exempt Bond/Dreyfus	11/87	11.9	6.9	221	72	none	*0.39p*
		Dreyfus NY Insured T-E Bond/Dreyfus	2/87	12.6	6.6	57	80	none	*0.23p*
C	C	Dreyfus NY Tax-Exempt Bond/Dreyfus	7/83	11.3	7.2	1,668	12	none	0.72
		Dreyfus NY T-E Intermed Bond/Dreyfus	6/87	9.7	6.6	63	113	none	*0.14p*
		Dreyfus Strategic Municipals/closed end	9/87	11.4	7.7	477	7	NA	0.94
C	C	Dreyfus Tax-Exempt Bond Fund/Dreyfus	10/76	12.4	7.3	3,631	9	none	0.69
		Eaton Vance California Munis/Eaton Vance	12/85	10.4	6.6	251	25	6.00b,r	*2.04*
		Eaton Vance High Yield Munis/Eaton Vance	12/85	10.7	7.4	966	14	6.00b,r	*1.94*
B	C	Federated Tax-Free Income Fund/Federated	10/76	13.4	6.8	470	16	4.50	0.95
		Fidelity Calif Tax-Free–High Yield/Fidelity	7/84	13.4	6.7	533	28	none	0.61
		Fidelity Calif Tax-Free–Insured/Fidelity	9/86	12.7	6.3	77	65	none	0.83
		Fidelity Connecticut Tax-Free/Fidelity	10/87	12.9	6.8	142	231	none	0.11p
C	C	Fidelity Mass Tax-Free–High Yield/Fidelity	11/83	11.8	7.2	648	13	none	0.54
		Fidelity NY Tax-Free–High Yield/Fidelity	7/84	12.9	6.7	390	20	none	0.63
		Fidelity NY Tax-Free–Insured/Fidelity	10/85	12.7	6.3	188	21	none	0.65
		Fidelity Pennsylvania T-F–Hi Yld/Fidelity	8/86	13.9	6.7	86	77	none	0.84p
		Fidelity State Tax-Free–Michigan/Fidelity	11/85	14.1	6.8	205	39	none	0.75
		Fidelity State Tax-Free–Minnesota/Fidelity	11/85	12.4	6.9	116	32	none	0.82
		Fidelity State Tax-Free–Ohio/Fidelity	11/85	7.0	1.1	183	36	none	0.73
		Fidelity Tax-Free–Aggressive/Fidelity	9/85	12.9	7.7	531	32	none[2]	0.73
B	C	Fidelity Tax-Free–High Yield/Fidelity	12/77	14.9	7.0	1,708	6	none	0.60
		Fidelity Tax-Free–Insured/Fidelity	11/85	12.6	6.3	163	9	none	0.70p
D	B	Fidelity Tax-Free–Ltd Term Munis/Fidelity	4/77	8.1	6.6	428	–7	none	0.67

Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force. b: Includes back-end load that reverts to fund. p: Net of partial absorption of expenses by fund sponsor. r: Includes back-end load that reverts to distributor. NA: Not applicable or not available. [1]A 2% redemption fee on shares held less than six months. [2]A 1% redemption fee on shares held less than six months.

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Annual Fund Ratings/Municipal Bonds

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Date started	Latest 12 months total return	Latest 12 months return from income dividends	Total assets 6/30/89 (millions)	Total assets % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Shearson Lehman municipal bond index		11.4%	7.8%				
		FORBES municipal bond composite		12.1%	6.7%				$0.79
B	D	Fidelity Tax-Free–Municipal Bond/Fidelity	8/76	12.9%	6.8%	$1,021	7%	none	$0.51
		Fidelity Texas Tax-Free/Fidelity	1/86	13.4	6.8	34	23	none	1.15
A+	F	Financial Tax-Free Income Shs/Financial Prog	8/81	17.6	6.7	144	32	none	0.77
NA	NA	First Investors New York Tax-Free/First Inv	6/84	12.6	6.7	139	23	7.25%	*1.26*
D	A	First Investors Tax-Exempt Fund/First Inv	8/77	11.4	7.1	1,032	14	7.25	*1.04*
		Flagship Tax-Ex–Arizona Double/Flagship	10/86	13.3	6.5	30	–10	4.20	*0.84p*
		Flagship Tax-Ex–Conn Double/Flagship	7/87	12.0	6.6	52	85	4.20	*0.72p*
		Flagship Tax-Ex–Georgia Double/Flagship	3/86	12.6	6.6	36	21	4.20	*0.88p*
		Flagship Tax-Ex–Kentucky Triple/Flagship	5/87	13.3	6.7	74	65	4.20	*0.73p*
		Flagship Tax-Ex–Mich Triple/Flagship	6/85	12.5	6.6	87	15	4.20	*0.92p*
		Flagship Tax-Ex–NC Triple/Flagship	3/86	13.8	6.4	88	27	4.20	*0.86p*
		Flagship Tax-Ex–Ohio Double/Flagship	6/85	11.9	6.6	201	26	4.20	*0.91p*
		Flagship Tax-Ex–Penn Triple/Flagship	10/86	12.7	6.6	35	4	4.20	*0.68p*
		Flagship Tax-Ex–Tenn Double/Flagship	11/87	13.1	6.6	64	136	4.20	*0.70p*
		Flagship Tax-Ex–Va Double/Flagship	3/86	12.1	6.5	38	21	4.20	*0.86p*
		Franklin Arizona Tax-Free Income/Franklin	9/87	12.5	7.2	118	786	4.00	0.51
		Franklin Calif Insured T-F Inc/Franklin	9/85	14.2	6.3	248	19	4.00	*0.61*
D	A	Franklin Calif Tax-Free Income/Franklin	2/77	12.8	7.6	9,630	23	4.00	0.4
C	C	Franklin Federal Tax-Free Income/Franklin	9/83	12.5	7.8	3,760	26	4.00	0.51
		Franklin Florida Tax-Free Income/Franklin	9/87	12.8	7.4	104	NM	4.00	0.24p
		Franklin High Yield Tax-Free Inc/Franklin	3/86	13.4	8.7	1,143	395	4.00	0.61p
		Franklin Insured Tax-Free Income/Franklin	4/85	13.7	7.3	630	70	4.00	0.58
		Franklin Mass Insured T-F Inc/Franklin	4/85	12.3	6.5	117	13	4.00	0.75p
		Franklin Mich Insured T-F Inc/Franklin	4/85	12.7	6.7	404	26	4.00	0.67
		Franklin Minn Insured T-F Inc/Franklin	4/85	12.7	6.8	206	30	4.00	0.75p
		Franklin New Jersey Tax-Free Inc/Franklin	5/88	13.5	5.8	46	NM	4.00	0.25p
D	B	Franklin New York Tax-Free Inc/Franklin	9/82	12.5	7.3	2,832	8	4.00	0.51
		Franklin Ohio Insured T-F Inc/Franklin	4/85	12.8	6.5	214	12	4.00	0.71
		Franklin Oregon Tax-Free Income/Franklin	1/87	12.9	6.5	37	257	4.00	0.45p
		Franklin Pennsylvania T-F Inc/Franklin	12/86	13.5	7.3	107	239	4.00	0.59
		Franklin PR Tax-Free Income/Franklin	4/85	12.5	6.7	87	–5	4.00	0.72
		General NY T-E Intermed Bond/Dreyfus	11/84	6.0	5.4	40	–17	none	*1.10p*
A	D	John Hancock Tax-Exempt Inc/Hancock	1/77	12.0	6.6	378	6	4.75	*0.84*
		Hawaiian Tax-Free Trust/Aquila	2/85	10.8	6.8	277	22	4.00	0.78
		IDS California Tax-Exempt Fund/IDS	8/86	12.5	6.4	95	101	5.00	0.72
B	B	IDS High Yield Tax-Exempt Fund/IDS	5/79	12.5	7.4	4,385	12	5.00	0.59

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Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Annual Fund Ratings/Municipal Bonds

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Date started	Latest 12 months total return	Latest 12 months return from income dividends	Total assets 6/30/89 (millions)	Total assets % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Shearson Lehman municipal bond index		11.4%	7.8%				
		Forbes municipal bond composite		12.1%	6.7%				$0.79
		IDS Minnesota Tax-Exempt Fund/IDS	8/86	12.6%	6.6%	$122	104%	5.00%	$0.65
		IDS New York Tax-Exempt Fund/IDS	8/86	12.7	6.5	49	89	5.00	0.66
A	D	IDS Tax-Exempt Bond Fund/IDS	11/76	12.2	6.8	1,004	11	5.00	0.60
		Integrated Tax-Free–Stripes/Integrated	11/85	9.5	6.8	116	6	4.75	*1.28*
D	B	Inv Trust of Boston–Mass T-F/Inv Trust	4/84	9.6	6.5	53	3	4.25	*1.51*
B	B	Kemper California Tax-Free Inc/Kemper	2/83	12.6	6.6	523	36	4.50	0.62
B	B	Kemper Municipal Bond Fund/Kemper	4/76	12.6	7.3	1,803	28	4.50	0.49
		Keystone America Tax-Free Inc/Keystone	4/87	12.8	6.2	167	–16	4.00r	*1.57p*
		Keystone Tax-Exempt Trust/Keystone	10/85	13.1	6.8	587	16	4.00b	*1.72*
C	C	Keystone Tax-Free Fund/Keystone	1/78	11.5	7.5	914	2	4.00††b	*1.79*
		Limited Term Municipal–Natl/Thornburg	8/84	7.1	6.6	183	11	2.75	*1.15*
		Lord Abbett California T-F Inc/Lord Abbett	9/85	12.9	6.8	99	25	4.75	*0.54*
NA	NA	Lord Abbett Tax-Free–National/Lord Abbett	4/84	12.9	6.9	305	14	4.75	0.66
NA	NA	Lord Abbett Tax-Free–New York/Lord Abbett	4/84	13.1	6.9	161	28	4.75	0.64
B	C	Lutheran Brotherhood Muni Bond/Lutheran	1/76	11.7	7.0	336	17	5.00	0.92
		MacKay-Shields MainStay–T-F/NYLife	5/86	10.9	6.4	108	34	5.00r	*1.50p*
		Merrill Lynch California Tax-Ex-B[1]/ML Funds	9/85	12.0	6.4	672	8	4.00r	*1.16p*
C	C	Merrill Lynch Muni–Hi Yield-A[1]/ML Funds	11/79	11.9	7.5	1,542	5	4.00	0.55
C	C	Merrill Lynch Muni–Insured-A[1]/ML Funds	11/77	11.8	7.3	2,189	10	4.00	0.51
F	A+	Merrill Lynch Muni–Ltd Mat-A[1]/ML Funds	11/79	5.9	6.0	386	–32	2.00	0.40
		Merrill Lynch Municipal Income/ML Funds	11/86	7.7	6.2	138	–17	2.00r	*1.12*
		Merrill Lynch NY Muni Bond-B[1]/ML Funds	11/85	12.0	6.4	650	1	4.00r	*1.16*
		MFS Managed California Tax-Ex/Mass Finl	6/85	12.1	6.1	65	14	4.75	*1.28*
D	A	MFS Managed Hi Yld Muni Bond/Mass Finl	2/84	12.4	8.4	465	39	††	0.65
		MFS Managed M-S Tax-Ex–Md/Mass Finl	11/84	10.4	6.3	91	13	4.75	*1.14*
		MFS Managed M-S Tax-Ex–Mass/Mass Finl	4/85	9.9	6.7	224	3	4.75	*1.07*
		MFS Managed M-S Tax-Ex–NC/Mass Finl	11/84	10.6	6.5	155	38	4.75	*1.11*
		MFS Managed M-S Tax-Ex–SC/Mass Finl	11/84	11.6	6.5	53	39	4.75	*0.97*
		MFS Managed M-S Tax-Ex–Va/Mass Finl	11/84	11.7	6.7	224	16	4.75	*1.09*
		MFS Managed M-S Tax-Ex–W Va/Mass Finl	10/84	11.2	7.0	49	30	4.75	*0.86*
B	C	MFS Managed Muni Bond Trust/Mass Finl	12/76	13.1	6.8	1,205	27	4.75	0.68
		MFS Municipal Income Trust/closed end	11/86	13.5	8.0	338	6	NA	1.25
		Muni Bond Funds–California/Smith Barney	4/87	14.5	7.3	45	64	4.00	0.24p
		Muni Bond Funds–National/Smith Barney	9/86	13.9	7.5	120	31	4.00	0.30p
A	D	Mutual of Omaha T-F Inc/Mutual of Omaha	1/77	13.6	6.9	347	12	8.00	0.64
A	D	New England Tax-Exempt Inc/New England	5/77	12.2	6.4	138	8	4.50	*0.98*

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Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Performance in UP —markets—	Performance in DOWN —markets—	Fund/distributor	Date started	Latest 12 months total return	Latest 12 months return from income dividends	Total assets 6/30/89 (millions)	Total assets % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Shearson Lehman municipal bond index		11.4%	7.8%				
		Forbes municipal bond composite		12.1%	6.7%				$0.79
NA	NA	New York Muni Fund/Fundamental	4/81	15.1%	6.5%	$236	5%	none	*$1.74*
		Nuveen California Municipal Inc/closed end	4/88	13.4	6.5	60	6	NA	0.73
		Nuveen California Muni Value/closed end	10/87	12.9	6.6	184	5	NA	0.95
		Nuveen California T-F–Ins Bond/Nuveen	7/86	14.0	6.3	35	56	4.00%	0.82p
		Nuveen California T-F–Spec Bond/Nuveen	7/86	14.1	6.6	52	76	4.00	0.75p
		Nuveen Insured T-F Bond–Natl/Nuveen	12/86	13.8	6.5	83	74	4.00	0.87
C	B	Nuveen Municipal Bond Fund/Nuveen	11/76	12.5	6.7	1,098	21	4.00	0.65
		Nuveen Municipal Value Fund/closed end	6/87	14.6	7.0	1,622	7	NA	0.92
		Nuveen New York Muni Income/closed end	4/88	13.4	6.6	28	6	NA	0.93
		Nuveen New York Muni Value/closed end	10/87	13.7	6.6	115	4	NA	1.03
		Nuveen Tax-Free Bond–Ohio/Nuveen	12/86	14.2	6.7	31	103	4.00	0.75p
		Olympus California Tax-Exempt/Furman Selz	9/87	11.6	6.8	32	88	4.25	*0.57p*
		Oppenheimer New York T-E/Oppenheimer	8/84	9.0	6.4	182	72	4.75	*0.90p*
C	C	Oppenheimer Tax-Free Bond/Oppenheimer	10/76	10.5	6.7	207	40	4.75	*0.72p*
C	C	Pacific Horizon–Calif T-E Bond/Concord Finl	3/84	10.0	6.8	92	7	4.50	*1.03*
		PaineWebber Calif Tax-Ex Inc/PaineWebber	9/85	9.8	6.7	191	22	4.25	0.73
		PaineWebber Tax-Exempt Inc/PaineWebber	12/84	10.5	7.2	325	6	4.25	0.75
		Pierpont Tax-Exempt Bond/Morgan Stanley	10/84	4.1	6.5	128	8	none	0.80p
		Premier Calif Tax-Exempt Bond/Dreyfus	11/86	14.4	7.3	33	519	4.50	0.00p
		Premier Tax-Exempt Bond–Md/Dreyfus	5/87	12.7	7.3	33	484	4.50	0.00p
		Premier Tax-Exempt–Connecticut/Dreyfus	5/87	11.9	7.2	42	190	4.50	0.00p
		Premier Tax-Exempt–Mass/Dreyfus	5/87	12.1	7.5	26	277	4.50	0.00p
		Premier Tax-Exempt–Ohio/Dreyfus	5/87	14.0	7.4	41	416	4.50	0.00p
		T Rowe Price Calif T-F Inc–Bond/Price	9/86	11.3	6.1	53	48	none	1.00
		T Rowe Price Maryland T-F Bond/Price	3/87	10.8	6.2	147	83	none	0.85
		T Rowe Price New York T-F Bond/Price	8/86	11.3	6.3	42	43	none	1.08
		T Rowe Price Tax-Free High Yield/Price	3/85	12.2	7.3	382	34	none	0.92
D	D	T Rowe Price Tax-Free Income Fund/Price	10/76	9.6	6.8	1,103	4	none	0.66
D	A	T Rowe Price T-F Short Intermed/Price	12/83	5.4	5.7	212	–28	none	0.74
		Pru-Bache Bond–Insured/Pru-Bache	9/87	13.2	7.0	376	477	5.00r	*0.22p*
		Pru-Bache California Municipal/Pru-Bache	9/84	9.9	6.1	177	20	5.00r	*1.19*
		Pru-Bache Muni–Arizona/Pru-Bache	9/84	9.4	6.3	59	14	5.00r	*1.27*
		Pru-Bache Muni–Georgia/Pru-Bache	9/84	9.2	6.0	25	2	5.00r	*1.51*
		Pru-Bache Muni–High Yield/Pru-Bache	9/87	14.8	7.9	461	569	5.00r	*0.27p*
		Pru-Bache Muni–Maryland/Pru-Bache	1/85	9.5	6.3	47	22	5.00r	*1.30*
		Pru-Bache Muni–Massachusetts/Pru-Bache	9/84	9.7	6.2	52	19	5.00r	*1.29*

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Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Annual Fund Ratings/Municipal Bonds

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Date started	Latest 12 months total return	Latest 12 months return from income dividends	Total assets 6/30/89 (millions)	Total assets % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Shearson Lehman municipal bond index		11.4%	7.8%				
		Forbes municipal bond composite		12.1%	6.7%				$0.79
		Pru-Bache Muni–Michigan/Pru-Bache	9/84	12.3%	6.2%	$47	16%	5.00%r	*$1.36*
		Pru-Bache Muni–New Jersey/Pru-Bache	3/88	12.9	7.0	112	404	5.00r	0.08p
		Pru-Bache Muni–New York/Pru-Bache	9/84	10.6	6.1	341	12	5.00r	*1.13*
		Pru-Bache Muni–North Carolina/Pru-Bache	2/85	10.7	6.1	53	24	5.00r	*1.33*
		Pru-Bache Muni–Ohio/Pru-Bache	9/84	10.6	6.2	87	17	5.00r	*1.28*
		Pru-Bache Muni–Pennsylvania/Pru-Bache	4/87	12.0	6.6	110	126	5.00r	*0.69*
NA	NA	Pru-Bache National Municipals/Pru-Bache	4/80	9.8	6.5	1,013	–6	5.00r	*1.05*
C	B	Putnam California Tax-Ex Inc/Putnam	4/83	14.2	7.0	1,509	28	4.75	0.51
		Putnam Massachusetts T-E Inc/Putnam	10/86	10.4	6.4	70	32	2.50r	*1.60p*
		Putnam Michigan Tax-Ex Inc/Putnam	10/86	13.3	6.2	37	38	2.50r	*1.53p*
		Putnam Minnesota Tax-Ex Inc/Putnam	10/86	13.1	6.1	27	35	2.50r	*1.56p*
C	B	Putnam New York Tax-Ex Inc/Putnam	9/83	13.8	6.9	1,239	23	4.75	0.54
		Putnam Ohio Tax-Exempt Inc/Putnam	10/86	13.2	6.3	95	20	2.50r	*1.59p*
A	C	Putnam Tax-Exempt Income/Putnam	11/76	15.3	6.9	1,240	26	4.75	0.51
		Putnam Tax-Free Income–Hi Yld/Putnam	9/85	12.5	6.8	635	9	5.00r	*1.77*
		Putnam Tax-Free Income–Insured/Putnam	9/85	13.6	5.8	291	9	5.00r	*1.58*
NA	NA	Safeco California Tax-Free Income/Safeco	8/83	13.2	6.6	41	31	none	0.71
A	C	Safeco Municipal Bond Fund/Safeco	11/81	13.8	7.0	196	–1	none	0.60
B	D	Scudder California Tax Free Fund/Scudder	7/83	13.4	6.4	181	15	none	0.89
		Scudder High Yield Tax Free Fund/Scudder	1/87	14.1	6.9	103	83	none	0.67p
A	D	Scudder Managed Muni Bonds/Scudder	10/76	13.7	6.8	668	9	none	0.61
		Scudder Massachusetts Tax Free/Scudder	6/87	12.8	6.9	38	83	none	0.51p
D	C	Scudder NY Tax Free Fund/Scudder	7/83	12.1	6.6	129	9	none	0.89
		Seligman Calif Tax-Ex–Hi Yld/Seligman	11/84	12.8	6.7	55	2	4.50	0.91
		Seligman Calif Tax-Exempt–Qual/Seligman	11/84	13.2	6.3	60	2	4.50	0.86
		Seligman New Jersey Tax-Exempt/Seligman	2/88	14.3	6.6	51	58	4.75	*0.47p*
		Seligman Penn Tax-Ex–Qual/Seligman	7/86	12.8	6.5	31	0	4.75	*0.8?*
		Seligman Tax-Exempt–Colorado/Seligman	5/86	13.3	6.4	63	–11	4.75	*0.8?*
		Seligman Tax-Exempt–Louisiana/Seligman	10/85	12.6	6.8	43	3	4.75	0.8?
		Seligman Tax-Exempt–Maryland/Seligman	10/85	13.2	6.2	48	2	4.75	0.91
C	D	Seligman Tax-Exempt–Mass/Seligman	12/83	11.2	6.7	127	0	4.75	0.84
		Seligman Tax-Exempt–Michigan/Seligman	7/84	13.5	6.5	113	8	4.75	0.88
B	D	Seligman Tax-Exempt–Minnesota/Seligman	12/83	12.5	6.5	148	13	4.75	0.87
		Seligman Tax-Exempt–Missouri/Seligman	7/86	12.4	6.4	51	–15	4.75	0.86
B	B	Seligman Tax-Exempt–National/Seligman	12/83	14.3	6.7	142	8	4.75	0.83
B	D	Seligman Tax-Exempt–New York/Seligman	12/83	13.5	6.6	76	4	4.75	0.86

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Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Date started	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/89 (millions)	Total assets: % change '89 vs '88	Maximum sales charge	Annual expenses per $100
		Shearson Lehman municipal bond index		11.4%	7.8%				
		Forbes municipal bond composite		12.1%	6.7%				$0.79
B	D	Seligman Tax-Exempt–Ohio/Seligman	12/83	11.6%	6.8%	$133	9%	4.75%	$0.83
		Seligman Tax-Exempt–Oregon/Seligman	10/86	14.1	6.2	30	17	4.75	0.54
		Seligman Tax-Exempt–SC/Seligman	6/87	13.5	6.5	44	76	none	0.33p
		Sigma Pennsylvania Tax Free Trust/Sigma	10/86	12.0	6.5	28	–4	4.50	*0.86p*
B	C	SLH California Municipals Fund/Shearson	4/84	12.6	6.8	333	119	5.00	0.67
		SLH Income–Tax-Exempt/Shearson	9/85	12.6	6.5	547	22	5.00r	*1.40*
C	B	SLH Managed Municipals/Shearson	3/81	11.1	7.2	1,531	166	5.00	0.66
		SLH New Jersey Municipal/Shearson	4/88	12.3	7.0	34	91	5.00	0.52
C	B	SLH New York Municipals/Shearson	1/84	12.7	7.1	439	112	5.00	0.64
C	B	SteinRoe–High Yield Municipals[1]/Stein Roe	3/84	13.8	7.3	278	38	none	0.74
A+	F	SteinRoe–Managed Municipals[2]/Stein Roe	1/77	12.7	6.8	515	10	none	0.65
C	D	Tax-Ex Bond Fund of America/American Funds	10/79	11.4	6.7	439	30	4.75	*0.63*
		Tax-Free Fund of Colorado/Aquila	5/87	8.6	6.8	37	169	4.00	0.06p
		Tax-Free Trust of Arizona/Aquila	3/86	11.8	6.8	102	22	4.00	0.51p
		Tax-Free Trust of Oregon/Aquila	6/86	11.0	6.5	120	21	4.00	0.80
A+	D	United Municipal Bond Fund/Waddell	11/76	15.4	6.6	583	26	4.25	0.58
		United Municipal High Income/Waddell	1/86	12.6	8.2	161	52	4.25	0.80
B	C	USAA Tax-Exempt–High Yield/USAA	3/82	14.0	7.2	1,080	26	none	0.45
D	A	USAA Tax-Exempt–Intermediate/USAA	3/82	9.1	6.9	426	19	none	0.49
D	A	USAA Tax-Exempt–Short-Term/USAA	3/82	7.0	6.2	252	2	none	0.51
		Value Line New York Tax-Ex/Value Line	7/87	10.5	7.2	27	24	none	0.76p
NA	NA	Value Line Tax-Exempt–Hi Yld/Value Line	3/84	14.2	7.6	277	10	none	0.63
		Van Kampen Merritt Cal Ins T-F/Van Kampen	12/86	13.1	6.0	44	23	4.90	*0.65p*
		Van Kampen Merritt Ins T-F/Van Kampen	12/84	12.3	6.2	597	15	4.90	*0.85*
		Van Kampen Merritt Penn T-F Inc/Van Kampen	4/87	15.1	6.9	33	79	4.90	*0.69p*
		Van Kampen Merritt T-F Hi Inc/Van Kampen	6/85	12.5	8.0	599	52	4.90	*0.84*
		Vanguard California T-F–Ins L-T/Vanguard	4/86	14.1	6.5	199	90	none	0.30
A	D	Vanguard Muni Bond–High Yield/Vanguard	12/78	15.6	7.2	859	24	none	0.29
		Vanguard Muni Bond–Ins L-T/Vanguard	9/84	14.2	7.0	918	26	none	0.29
D	B	Vanguard Muni Bond–Intermed/Vanguard	9/77	10.8	6.8	967	20	none	0.29
		Vanguard Muni Bond–Ltd Term/Vanguard	8/87	6.2	6.2	165	15	none	0.29
A	D	Vanguard Muni Bond–Long-Term/Vanguard	9/77	14.1	7.1	621	15	none	0.29
F	A+	Vanguard Muni Bond–S-T/Vanguard	9/77	5.9	5.7	703	–17	none	0.29
		Vanguard NJ Tax Free–Insured/Vanguard	2/88	13.4	6.7	98	348	none	0.29
		Vanguard New York Insured T-F/Vanguard	4/86	13.5	6.2	140	57	none	0.39
		Vanguard Penn Tax-Free–Ins L-T/Vanguard	4/86	12.9	6.5	357	57	none	0.32

Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force. p: Net of partial absorption of expenses by fund sponsor. r: Includes back-end load that reverts to distributor. NA: Not applicable or not available. [1]Formerly SteinRoe T-E Income-High Yield Fund. [2]Formerly SteinRoe T-E Bond Fund.

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Money market funds

Money market funds are divided below into taxable and tax-exempt funds. Within each group, funds get pretty much the same yields on the paper they buy, but their returns differ because their overhead differs. (Look at the expense column on the right.) Taxable funds specializing in U.S. Treasury paper are marked with a •. These funds offer less risk with only slight, if any, yield penalties. The listing of tax-exempt money market funds begins on page 276. For more information on a fund, contact the distributor listed after the fund's name. The table of distributors starts on page 284.

Portfolio average maturity days	Fund/distributor	Date started	Latest 12 months return from income dividends	Total assets 6/30/89 (millions)	Total assets % change '89 vs '88	Minimum initial investment	Annual expenses per $100
	Forbes taxable money fund composite		8.1%				$0.71
	Forbes tax-exempt money fund composite		5.5%				$0.67
	Taxable money market funds						
63	Active Assets Money Trust/Dean Witter	7/81	8.5%	$2,985	18%	†	*$0.52*
41	Aim General Money Market/Cortland	7/85	8.0	782	81	$1,000	*1.00p*
59	Alliance Capital Reserves/Alliance	7/78	7.9	1,542	11	1,000	*0.95*
24	•Alliance Government Reserves/Alliance	7/79	7.7	523	66	1,000	*0.80*
32	Alex Brown Cash Reserve–Prime/Brown	8/81	8.3	1,082	25	1,500	*0.54*
42	•Capital Preservation Fund/Benham	10/72	7.6	2,617	25	1,000	0.57
4	•Capital Preservation Fund II/Benham	6/80	8.0	660	38	1,000	0.72
25	•Cardinal Government Securities/Ohio Co	9/80	8.2	511	28	1,000	0.72
40	Cash Accumulation–Natl MM/Thomson	11/84	7.0	2,577	28	500	*0.73*
13	•Cash Equivalent Fund–Govt/Kemper	12/81	8.2	2,767	111	1,000	*0.71*
35	Cash Equivalent Fund–MM/Kemper	3/79	8.1	6,506	12	1,000	*0.84*
20	Cash Mgmt Trust of America/American Funds	11/76	8.4	1,324	22	5,000	*0.50*
55	CBA Money Fund/ML Funds	6/84	8.2	617	104	†	*0.65p*
7	•CMA Government Securities/MLPF&S	8/81	8.0	2,596	18	†	*0.59*
48	CMA Money Fund/MLPF&S	9/77	8.3	24,454	26	†	*0.55*
27	Columbia Daily Income Co/Columbia	11/74	8.1	639	37	1,000	0.76
55	Command Money Fund/Command	2/82	8.3	2,206	41	†	*0.65*
29	Daily Cash Accumulation Fund/Centennial	7/78	8.3	3,968	47	500	*0.77*
47	Daily Income Fund/Reich & Tang	7/74	8.2	501	–2	5,000	*0.63*
25	DBL Cash Fund–Money Market/Drexel	2/81	8.1	603	–60	1,000	*0.64*
55	Dean Witter/Sears Liquid Asset/Dean Witter	9/75	8.3	9,972	23	5,000	*0.58*
63	•Dean Witter/Sears US Govt MM/Dean Witter	2/82	7.9	719	16	1,000	*0.87*
51	Delaware Group Cash Reserve/Delaware	6/78	8.0	1,040	–13	1,000	0.90
52	Dreyfus Liquid Assets/Dreyfus	1/74	8.2	7,537	4	2,500	0.69
54	•Dreyfus MM Instrum–Govt Secs/Dreyfus	5/79	7.9	675	–8	2,500	0.70

•Specializes in U.S. government paper. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* p: Net of partial absorption of expenses by fund sponsor. †Closed to all investors.

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Portfolio average maturity days	Fund/distributor	Date started	Latest 12 months return from income dividends	Total assets 6/30/89 (millions)	Total assets % change '89 vs '88	Minimum initial investment	Annual expenses per $100
	Forbes taxable money fund composite		8.1%				$0.71
	Forbes tax-exempt money fund composite		5.5%				$0.67
	Taxable money market funds						
50	Fidelity Cash Reserves/Fidelity	5/79	8.2%	$10,502	11%	$1,000	$0.65
50	Fidelity Daily Income Trust/Fidelity	5/74	8.3	2,790	–3	5,000	0.66
38	Fidelity Select–Money Market/Fidelity	8/85	8.3	803	–7	1,000	0.76
47	•Fidelity US Government Reserves/Fidelity	11/81	8.0	1,495	9	1,000	0.75
12	Franklin Money Fund/Franklin	1/76	8.1	1,628	33	500	0.80
33	Freedom Cash Management/Freedom	4/81	8.1	943	25	1,000	0.85
21	•Fund for Govt Investors/Rushmore	3/75	7.8	642	–2	2,500	0.73
45	General Money Market Fund/Dreyfus	2/82	7.9	759	–1	2,500	*0.97*
40	Gradison Cash Reserves Trust/Gradison	5/76	8.1	575	37	1,000	*0.82*
28	IDS Cash Management Fund/IDS	10/75	8.2	1,401	26	2,000	*0.69*
44	ED Jones Daily Passport Cash/Jones & Co	3/80	8.0	1,626	105	1,000	1.01
37	Kemper Money Market–MM/Kemper	11/74	8.5	6,454	34	1,000	0.49
40	Kidder, Peabody Premium Account/Kidder	5/82	8.2	972	10	†	*0.60*
28	Legg Mason Cash Reserve Trust/Legg Mason	9/79	8.0	607	44	5,000	0.89
21	•Liberty US Govt Money Market/Federated	6/80	7.8	1,385	5	500	1.01p
33	Liquid Capital Income Trust/Carnegie	11/74	8.2	1,162	–4	1,000	0.71
37	Mass Cash Management–Prime/Mass Finl	12/75	8.1	636	–7	250	0.83
8	•Merrill Lynch Government Fund/ML Boston	9/77	8.0	1,363	–11	5,000	*0.46*
42	Merrill Lynch Institutional Fund/ML Boston	12/74	8.4	1,486	1	25,000	*0.45*
51	Merrill Lynch Ready Assets/ML Funds	2/75	8.3	9,843	3	5,000	*0.62*
51	Merrill Lynch Retire Res MM/ML Funds	4/82	8.2	4,073	22	none	0.85
36	National Liquid Reserves–Cash/Smith Barney	8/74	8.2	1,692	26	1,500	0.58
38	Natl Liquid Reserves–Retire/Smith Barney	2/86	7.7	631	49	200	0.69
49	New England Cash Mgmt–MM/New England	7/78	8.2	984	19	1,000	0.72
31	Oppenheimer Money Market/Oppenheimer	4/74	8.2	861	28	1,000	0.80
42	•Pacific Horizon–Govt MM/Concord Finl	3/84	7.9	1,242	38	1,000	*0.54*
31	Pacific Horizon–Money Market/Concord Finl	3/84	8.3	1,303	–84	1,000	*0.63*
42	PaineWebber Cashfund/PaineWebber	5/78	8.3	4,658	17	5,000	0.57
42	PaineWebber RMA–MM/PaineWebber	10/82	8.4	2,638	5	†	0.59
NA	Pierpont Money Market/Morgan Stanley	11/83	8.2[1]	1,900	14	25,000	0.45
59	Piper Jaffray Money Market/Piper	3/87	8.0	878	146	none	*1.02*
27	T Rowe Price Prime Reserve Fund/Price	3/76	8.3	4,232	22	2,500	0.79
43	•Pru-Bache Govt Secs–MM/Pru-Bache	1/82	8.0	529	9	1,000	*0.68*
50	Pru-Bache Moneymart Assets/Pru-Bache	6/76	8.3	6,865	35	1,000	*0.67*
42	Putnam Daily Dividend Trust/Putnam	10/76	8.1	704	9	1,000	0.91

•Specializes in U.S. government paper. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available. †Closed to all investors. [1]Twelve months to May 1989.

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Annual Fund Ratings/Money Market

Portfolio average maturity days	Fund/distributor	Date started	Latest 12 months return from income dividends	Total assets 6/30/89 (millions)	Total assets % change '89 vs '88	Minimum initial investment	Annual expenses per $100
	Forbes taxable money fund composite		8.1%				$0.71
	Forbes tax-exempt money fund composite		5.5%				$0.67
	Taxable money market funds						
22	Quest for Value Cash Management/Quest	1/87	8.3%	$507	1%	$500	*$0.77p*
9	•Reserve Fund–Government/Resrv	10/81	8.4	617	47	1,000	*0.96*
12	Reserve Fund–Primary/Resrv	11/71	8.3	1,775	10	1,000	*0.95*
43	Scudder Cash Investment Trust/Scudder	7/76	8.2	1,563	14	1,000	0.66
45	Short-Term Income–MM/Reich & Tang	1/80	8.1	759	2	5,000	*0.77*
59	SLH Daily Dividend/Shearson	6/79	8.2	14,209	223	2,500	0.80
49	•SLH Government & Agencies/Shearson	10/80	7.8	2,817	41	2,500	0.61
34	SteinRoe Income–Cash Reserves/Stein Roe	9/76	8.1	948	2	1,000	0.75
68	Strong Money Market Fund/Strong	1/85	8.5	677	159	1,000	0.60
46	•Summit Cash Reserves Fund/ML Funds	12/82	8.2	642	0	5,000	0.82
35	Trinity Liquid Assets Trust/Trinity	1/83	8.4	527	12	1,000	*0.57*
37	20th Century Cash Reserve/20th Century	3/85	8.0	564	21	none	1.00
32	USAA Mutual–Money Market/USAA	2/81	8.3	849	36	1,000	0.71
27	Value Line Cash Fund/Value Line	4/79	8.5	600	10	1,000	0.65
39	•Vanguard MM Reserves–Federal/Vanguard	7/81	8.4	1,396	32	3,000	0.31
37	Vanguard MM Reserves–Prime/Vanguard	6/75	8.6	9,477	82	3,000	0.31
36	Vantage Money Market–Cash/Smith Barney	10/82	7.8	937	68	†	0.60
41	Webster Cash Reserve Fund/Kidder	8/79	8.2	1,855	24	1,500	*0.60*
	Tax-exempt money market funds						
19	Active Assets Tax-Free Trust/Dean Witter	7/81	5.7	1,096	5	†	*0.58*
39	Aim Tax-Free Money Market/Cortland	6/85	5.5	172	111	1,000	*0.86*
35	Alliance Tax-Exempt Res–Calif/Alliance	6/88	5.5	244	764	none	*0.89*
11	Alliance Tax-Exempt Res–General/Alliance	1/83	5.5	696	6	1,000	*0.83*
20	Alliance Tax Exempt Res–NY/Alliance	10/86	4.9	42	4	none	*1.00*
49	Benham Calif Tax-Free–MM/Benham	11/83	5.5	481	62	1,000	0.61
40	Benham National Tax-Free–MM/Benham	1/84	5.7	89	28	1,000	0.50
55	Boston Co T-F Muni–Mass MM/Boston Co	7/83	5.4	133	–9	1,000	*0.73*
23	Boston Co T-F Muni–Money/Boston Co	8/83	5.5	30	–20	1,000	*0.95*
17	California Daily Tax-Free Inc/Reich & Tang	2/87	5.4	87	16	5,000	*0.62p*
38	California Tax-Free MM/California Inv	12/85	5.8	83	48	10,000	0.16p
38	Calvert Tax-Free Reserves–MM/Calvert	4/81	6.0	793	10	2,000	0.61
27	Cardinal Tax-Exempt Money/Ohio Co	9/83	5.6	78	12	1,000	0.71

•Specializes in U.S. government paper. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* p: Net of partial absorption of expenses by fund sponsor. †Closed to all investors.

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Annual Fund Ratings/Money Market

Portfolio average maturity days	Fund/distributor	Date started	Latest 12 months return from income dividends	Total assets 6/30/89 (millions)	Total assets % change '89 vs '88	Minimum initial investment	Annual expenses per $100
	FORBES taxable money fund composite		8.1%				$0.71
	FORBES tax-exempt money fund composite		5.5%				$0.67
	Tax-exempt money market funds						
33	Carnegie Tax-Free Income Trust/Carnegie	8/82	5.6%	$223	–28%	$1,000	$0.61
49	Cash Accumulation–Natl T-E/Thomson	11/84	5.5	262	–4	500	*0.67*
15	Cash Equivalent Fund–T-E MM/Kemper	7/82	5.7	2,097	20	1,000	*0.62*
42	Centennial Tax-Exempt Trust/Centennial	9/81	5.5	487	–6	500	*0.78*
34	Cigna Tax-Exempt Cash Fund/Cigna	4/82	5.2	48	–20	1,000	*0.83*
52	CMA Tax-Exempt Fund/MLPF&S	1/81	5.6	6,981	–13	†	*0.54*
34	Colonial Tax-Exempt–MM/Colonial	6/87	5.7	50	–10	250	0.39
47	Command Tax-Free Fund/Command	2/82	5.4	612	–10	†	*0.71*
72	Connecticut Daily Tax-Free Inc/Reich & Tang	5/85	5.2	229	–6	5,000	*0.79*
20	Counsellors New York Tax-Ex/Counsellors	4/85	5.0	48	–18	1,000	0.50p
9	Daily Tax-Free Income Fund/Reich & Tang	11/82	5.7	722	–17	5,000	*0.76*
16	DBL Tax-Free Fund–Money Market/Drexel	4/83	5.4	110	–80	1,000	0.78
19	Dean Witter/Sears T-F Daily Inc/Dean Witter	2/81	5.7	911	–3	5,000	*0.62*
40	Delaware Group Tax-Free Money/Delaware	9/81	5.3	60	–15	5,000	*0.79*
28	Dreyfus California Tax-Ex MM/Dreyfus	1/86	5.4	346	1	2,500	0.61
38	Dreyfus New York Tax-Ex MM/Dreyfus	6/87	5.1	451	14	2,500	*0.56*
32	Dreyfus Tax-Exempt MM/Dreyfus	8/80	5.5	2,161	–16	2,500	0.58
33	Eaton Vance Tax-Free Reserves/Eaton Vance	12/82	5.5	52	–24	1,000	0.76
54	Empire Tax-Free Money Market/Reich & Tang	5/84	5.1	188	–8	5,000	*0.80*
45	Federated Tax-Free Trust/Federated	3/79	5.6	2,193	–22	25,000	0.45p
37	FFB Tax-Free Money Market/Furman Selz	9/86	5.5	133	–1	1,000	*0.61p*
27	Fidelity Calif Tax-Free–MM/Fidelity	7/84	5.5	739	30	2,500	0.53
44	Fidelity Mass Tax-Free–MM/Fidelity	11/83	5.4	646	6	2,500	0.60
40	Fidelity New Jersey Tax-Free–MM/Fidelity	3/88	6.1	310	608	2,500	0.00p
60	Fidelity NY Tax-Free–MM/Fidelity	7/84	5.1	638	–1	2,500	0.51p
26	Fidelity Pennsylvania T-F–MM/Fidelity	8/86	6.0	152	108	2,500	0.30
36	Fidelity Tax-Exempt–MM/Fidelity	1/80	5.6	2,827	–18	5,000	0.48
32	Financial Tax-Free Money Fund/Financial Prog	5/83	5.4	25	–11	250	0.88
32	First Investors Tax-Exempt MM/First Inv	6/83	5.3	37	–5	1,000	*0.75*
38	First Prairie T-E Money Market/Dreyfus	2/86	5.6	127	–3	1,000	*0.98*
21	Flag Inv T-F Cash Reserve Shs/Brown	4/83	5.8	221	–5	1,500	*0.49*
28	Franklin Calif Tax-Exempt Money/Franklin	9/85	5.8	801	18	500	0.57
80	Franklin New York Tax-Ex Money/Franklin	1/86	5.8	59	9	500	0.45

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Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 19

Portfolio average maturity days	Fund/distributor	Date started	Latest 12 months return from income dividends	Total assets 6/30/89 (millions)	Total assets % change '89 vs '88	Minimum initial investment	Annual expenses per $100
	Forbes taxable money fund composite		8.1%				$0.71
	Forbes tax-exempt money fund composite		5.5%				$0.67
	Tax-exempt money market funds						
76	Franklin Tax-Exempt Money Fund/Franklin	2/82	5.5%	$181	–13%	$500	*$0.73*
27	Freedom Tax-Exempt Money/Freedom	12/82	5.4	203	–10	1,000	0.57p
44	Fund for Tax-Free Inv–MM/Rushmore	9/83	5.4	43	26	2,500	0.80
24	General Calif Tax-Exempt Money/Dreyfus	3/87	5.3	72	–25	2,500	*0.74*
38	General NY Tax-Exempt Money/Dreyfus	12/86	4.9	70	–18	2,500	*0.50*
27	General Tax-Exempt MM/Dreyfus	12/83	5.5	346	–14	2,500	*0.62*
25	HT Insight–Tax-Free MM Fund/HT	2/88	5.5	105	20	1,000	*0.51p*
73	IDS Tax-Free Money Fund/IDS	8/80	5.2	110	–6	2,000	*0.65*
10	Integrated Tax-Free–MM/Integrated	12/86	5.0	30	69	1,000	*1.78*
38	Kidder, Peabody Calif T-E MM/Kidder	8/87	5.4	203	25	1,500	*0.62*
51	Kidder, Peabody Tax-Exempt MM/Kidder	7/83	5.5	696	–12	1,500	*0.64*
66	Landmark NY T-F Reserves/Landmark	1/85	4.9	350	3	1,000	*0.80*
45	Landmark Tax-Free Reserves/Landmark	1/84	5.4	127	–11	1,000	*0.81*
28	Legg Mason Tax-Exempt Trust/Legg Mason	7/83	5.5	144	46	5,000	*0.70*
22	Lexington Tax-Free Money Fund/Lexington	9/77	5.3	70	–18	1,000	0.91
44	McDonald Tax-Exempt MM/McDonald	8/85	5.1	88	–18	500	*0.89*
24	Michigan Daily Tax-Free Inc/Reich & Tang	3/87	5.6	48	264	5,000	*0.57*
47	Midwest Group Tax-Free–MM/MGF	9/81	5.4	84	–27	1,000	*0.95*
73	Midwest Group T-F–Ohio MM/MGF	9/87	5.5	78	27	1,000	*0.68p*
29	Money Management Plus–Tax-Free/Calvert	10/84	5.4	73	–41	†	*0.99*
38	Neuberger & Berman Muni MM/Neuberger	12/84	5.7	167	–26	2,000	0.78
38	New England Tax-Exempt MM/New England	4/83	5.4	65	0	1,000	0.56
49	Nuveen California Tax-Free–MM/Nuveen	3/86	5.6	363	75	5,000	*0.54*
37	Nuveen Tax-Exempt MM/Nuveen	4/81	5.9	1,731	–17	25,000	0.35
63	Nuveen Tax-Free MM–Mass/Nuveen	12/86	5.5	41	0	5,000	*0.55*
64	Nuveen Tax-Free MM–New York/Nuveen	12/86	5.2	32	93	5,000	*0.55*
50	Nuveen Tax-Free Reserves/Nuveen	11/82	5.5	377	–6	1,000	*0.73*
36	AT Ohio Tax-Free Money Fund/Federated	7/85	5.5	248	7	25,000	0.65
52	Pacific Horizon–Tax-Ex MM/Concord Finl	3/84	5.7	76	72	1,000	*0.70p*
54	PaineWebber RMA–Tax-Free/PaineWebber	10/82	5.5	913	–3	†	*0.60*
NA	Pierpont Tax-Exempt MM/Morgan Stanley	9/83	5.0[1]	767	–32	25,000	0.54
37	T Rowe Price Calif T-F Inc–Money/Price	9/86	5.3	81	29	2,000	0.80
47	T Rowe Price New York T-F Money/Price	8/86	4.4	46	18	2,500	0.80

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Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Annual Fund Ratings/Money Market

Portfolio average maturity days	Fund/distributor	Date started	Latest 12 months return from income dividends	Total assets 6/30/89 (millions)	Total assets % change '89 vs '88	Minimum initial investment	Annual expenses per $100
	FORBES taxable money fund composite		8.1%				$0.71
	FORBES tax-exempt money fund composite		5.5%				$0.67
	Tax-exempt money market funds						
29	T Rowe Price Tax-Exempt Money/Price	4/81	5.7%	$1,102	–8%	$2,500	$0.61
80	Pru-Bache Muni–New York MM/Pru-Bache	4/85	4.9	173	–8	1,000	*0.78*
38	Pru-Bache Tax-Free Money Fund/Pru-Bache	8/79	5.3	665	–7	1,000	*0.77*
34	Putnam California Tax-Ex MM/Putnam	10/87	5.5	68	61	none	*0.58*
72	Putnam New York Tax-Ex MM/Putnam	10/87	5.0	44	38	none	*0.64*
45	Putnam Tax-Exempt MM/Putnam	10/87	5.6	84	14	1,000	*0.58*
68	Reserve New York Tax-Ex–NY/Resrv	11/83	5.1	96	11	1,000	*0.98*
5	Reserve Tax-Exempt–Connecticut/Resrv	5/85	5.3	246	2	1,000	*0.87*
57	Reserve Tax-Exempt–Interstate/Resrv	11/83	5.6	330	–13	1,000	*1.02*
32	Safeco Tax-Free Money Market/Safeco	8/84	5.7	47	39	1,000	0.63
NA	St Clair Tax-Free–Money Market/Fairfield	9/85	5.4	38	–23	500	0.60p
18	Scudder California Tax-Free Money/Scudder	6/87	5.4	65	29	1,000	0.67
18	Scudder Fund–Managed Tax-Free[1]/Scudder	10/82	5.6	97	–67	2,500	*0.60*
34	Scudder NY Tax-Free Money Fund/Scudder	6/87	5.1	38	26	1,000	0.53
19	Scudder Tax-Free Money Fund/Scudder	1/80	5.4	319	–16	1,000	0.67
29	SLH California Daily Tax-Free/Shearson	11/85	5.5	570	187	2,500	0.61
65	SLH Daily Tax-Free Dividend/Shearson	10/82	5.9	2,878	276	2,500	0.58
69	SLH NY Daily Tax-Free/Shearson	11/85	5.3	373	72	2,500	0.62
55	Standby Tax-Exempt Reserve/Cowen	4/86	5.6	80	22	2,000	0.56p
28	SteinRoe Tax-Exempt Inc–Money/Stein Roe	3/83	5.6	254	–14	1,000	0.66
54	Strong Tax-Free Money Market/Strong	10/86	5.9	76	9	2,500	0.80
11	Tax-Exempt California MM/Kemper	6/87	5.5	222	130	1,000	*0.68*
42	Tax-Free Instruments Trust/Federated	12/82	5.6	1,394	8	500	0.55p
59	Tax-Free Money Fund/Smith Barney	4/81	5.6	1,074	3	7,500	0.53
39	UMB Tax-Free Money Market/Jones & Babson	12/82	5.5	71	6	1,000	0.53
42	USAA Tax-Exempt Fund–MM/USAA	2/84	5.8	748	20	10,000	0.43
35	UST Master Tax-Exempt–S-T/UST Secs	5/85	5.8	492	–13	1,000	0.53
52	Value Line Tax-Exempt–MM/Value Line	3/84	5.4	40	–15	1,000	0.87
56	Van Kampen Merritt T-F Money/Van Kampen	11/86	5.8	44	–25	1,000	*0.78*
46	Vanguard California T-F–MM/Vanguard	6/87	5.1	424	156	3,000	0.26
60	Vanguard Muni Bond–MM/Vanguard	6/80	5.9	1,974	–8	3,000	0.29
71	Vanguard NJ Tax-Free–MM/Vanguard	2/88	5.9	205	351	3,000	0.29
41	WPG Tax-Free Money Market Fund/Weiss	1/88	5.4	51	151	1,000	1.01

Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force. p: Net of partial absorption of expenses by fund sponsor. NA: Not available. [1]Formerly Lazard Tax-Free Reserves–MM Fund.

Table of distributors, showing addresses and telephone numbers, begins on page 284. Rules and definitions, page 193.

Fund distributors

Below are addresses and phone numbers of mutual fund distributors, the firms that market mutual funds. Contact the distributor to get the prospectus, the most recent annual or semiannual report and additional information. If a fund carries a sales load, your stockbroker may also have this literature. A fund without a separate distributor is listed under the name of the fund itself. Closed-end funds are traded like corporate stock and do not have distributors. "Exchange privilege" refers to the option to switch from one fund to others in the same family; in some cases that other fund is too small to be listed here. For more information on our selection process and methods see page 193. The key below lists fund types. Example: "ST" for Acorn Fund means that it is a stock fund.

Distributor	Type of fund
Accrued Equities 295 Northern Boulevard Great Neck, NY 11021 (516) 466-0808* (local) Exchange privilege: No	
New Alternatives Fund	ST
Acorn Fund 2 North LaSalle Street Suite 500 Chicago, IL 60602-3790 (312) 621-0630* (local) (800) 922-6769 (out of state) Exchange privilege: Yes	
Acorn Fund	ST
Adtek Fund 4920 West Vliet Street Milwaukee, WI 53208 (414) 257-1842 (local) Exchange privilege: No	
Adtek Fund	BA
Advest Group 280 Trumbull Street Hartford, CT 06103 (800) 842-3807 (local) (800) 243-8115 (out of state) Exchange privilege: Yes	
Advantage Government Securities	BD
Advantage Growth Fund	ST
Advantage Income Fund	BA
AFA Distributors 50 Broad Street New York, NY 10004 (212) 482-8100* (local) Exchange privilege: Yes	
National Aviation & Technology	ST
National Telecom & Technology	ST
Afuture Fund 617 Willowbrook Lane West Chester, PA 19382 (215) 344-7910* (local) (800) 523-7594 (out of state) Exchange privilege: No	
Afuture Fund	ST

Distributor	Type of fund
AIM Distributors 11 Greenway Plaza Suite 1919 Houston, TX 77046 (800) 392-9681 (local) (800) 231-0803 (out of state) Exchange privilege: Yes	
Aim Convertible Securities	BA
Aim Equity–Charter Fund	ST
Aim Equity–Constellation Fund	ST
Aim Equity–Weingarten Equity Fund	ST
Aim High Yield Securities	BD
Aim Summit Fund	ST
Fred Alger & Co 75 Maiden Lane New York, NY 10038 (800) 992-3863 (nationwide) Exchange privilege: Yes	
Alger Fund–Growth	ST
Alger Fund–Small Capitalization	ST
Alliance Fund Services 500 Plaza Drive Secaucus, NJ 07094 (201) 319-4000* (local) (800) 221-5672 (out of state) Exchange privilege: Yes	
Alliance Balanced Shares	BA
Alliance Bond–High Yield	BD
Alliance Bond–Monthly Income Shs	BD
Alliance Bond–US Government	BD
Alliance Capital Reserves	MM
Alliance Convertible Fund	BA
Alliance Counterpoint Fund	ST
Alliance Dividend Shares	ST
Alliance Fund	ST
Alliance Global–Canadian Fund	FO
Alliance Government Reserves	MM
Alliance International Fund	FO
Alliance Mortgage Securities Income	BD
Alliance Muni Income–Calif	MU
Alliance Muni Income–Ins Calif	MU
Alliance Muni Income–Ins Natl	MU
Alliance Muni Income–National	MU
Alliance Muni Income–NY	MU
Alliance Quasar Associates	ST
Alliance Tax-Exempt Res–Calif	MM
Alliance Tax-Exempt Res–General	MM
Alliance Tax Exempt Res–New York	MM
Alliance Technology Fund	ST
Surveyor Fund	ST

Distributor	Type of fund
AMA Advisers PO Box 1111 Blue Bell, PA 19422 (215) 825-0400* (local) (800) 523-0864 (out of state) Exchange privilege: Yes	
AMA Growth Fund–Classic Growth	ST
AMA Growth Fund–Global Growth	FO
AMA Growth–Growth Plus Income	ST
Emerging Medical Technology Fund	ST
Medical Technology Fund	ST
American Capital Marketing 2800 Post Oak Boulevard Houston, TX 77056 (800) 421-5666 (nationwide) Exchange privilege: Yes	
American Capital Comstock Fund	ST
American Capital Corp Bond Fund	BD
American Capital Enterprise Fund	ST
American Capital Government Secs	BD
American Capital Harbor Fund	BA
American Capital High Yield Inv	BD
American Capital Muni Bond Fund	MU
American Capital OTC Securities	ST
American Capital Pace Fund	ST
American Capital Tax-Ex–Hi Yld	MU
American Capital Venture Fund	ST
Fund of America	ST
Provident Fund for Income	BA
American Funds Group 135 South State College Boulevard Brea, CA 92621 (714) 671-7000* (local) (800) 421-9900 (out of state) Exchange privilege: Yes	
Amcap Fund	ST
American Balanced Fund	BA
American Income-US Govt Guar	BD
American Funds Tax-Exempt I–Md	MU
American Funds Tax-Exempt I–Va	MU
American Funds Tax-Exempt II–Calif	MU
American High-Income Trust	BD
American Mutual Fund	ST
Bond Fund of America	BD
Capital Income Builder	ST
Cash Management Trust of America	MM
EuroPacific Growth Fund	FO
Fundamental Investors	ST
Growth Fund of America	ST
Income Fund of America	BA
Investment Co of America	ST
New Economy Fund	ST
New Perspective Fund	FO
Tax-Exempt Bond Fund of America	MU
Washington Mutual Investors	ST

ST	Stock fund
BA	Balanced fund
FO	Foreign fund
BD	Bond & preferred fund
MU	Municipal bond fund
MM	Money market fund

*Will accept collect calls.

Distributor	Type of fund
American Growth Fund Sponsors 410 17th Street Suite 800 Denver, CO 80202 (303) 623-6137* (local) (800) 525-2406 (out of state) Exchange privilege: No	
American Growth Fund	ST
American Investors PO Box 2500 Greenwich, CT 06836 (203) 531-5000* (local) (800) 243-5353 (out of state) Exchange privilege: Yes	
American Investors Growth Fund	ST
American Pension Distributors PO Box 2529 Lynchburg, VA 24501 (800) 533-4115 (local) (800) 544-6060 (out of state) Exchange privilege: Yes	
API Trust–Growth	ST
AMEV Investors PO Box 64284 St Paul, MN 55164 (612) 738-4000* (local) (800) 872-2638 (out of state) Exchange privilege: Yes	
AMEV Advantage–Asset Allocation	ST
AMEV Advantage–Capital Apprec	ST
AMEV Capital Fund	ST
AMEV Fiduciary Fund	ST
AMEV Growth Fund	ST
AMEV US Govt Securities Fund	BD
Amway Management Co 7575 East Fulton Road Ada, MI 49355 (800) 346-2670 (nationwide) Exchange privilege: No	
Amway Mutual Fund	ST
Analytic Optioned Equity Fund 2222 Martin Street Suite 230 Irvine, CA 92715 (714) 833-0294* (local) Exchange privilege: No	
Analytic Optioned Equity Fund	ST
Angeles Securities 10301 West Pico Boulevard Los Angeles, CA 90064 (213) 277-4900* (local) (800) 421-4374 (out of state) Exchange privilege: Yes	
FPA Capital Fund	ST
FPA Paramount Fund	ST
FPA Perennial Fund	ST
Aquila Distributors 200 Park Avenue Suite 4515 New York, NY 10017 (212) 697-6666* (local) (800) 228-4227 (out of state) Exchange privilege: Yes	
Churchill Tax-Free Fund of Kentucky	MU
Hawaiian Tax-Free Trust	MU
Tax-Free Fund of Colorado	MU
Tax-Free Trust of Arizona	MU
Tax-Free Trust of Oregon	MU

Distributor	Type of fund
Armstrong Associates 1445 Ross Avenue LB 212 Dallas, TX 75202 (214) 720-9101 (local) Exchange privilege: No	
Armstrong Associates	ST
Associated Planners Security 1925 Century Park East Suite 1900 Los Angeles, CA 90067 (213) 553-6740* (local) (800) 950-2748 (out of state) Exchange privilege: Yes	
Associated Planners Stock Fund	ST
Axe Securities Corp 400 Benedict Avenue Tarrytown, NY 10591 (914) 333-5200* (local) (800) 366-0444 (out of state) Exchange privilege: Yes	
Axe-Houghton Fund B	BA
Axe-Houghton Income Fund	BD
Axe-Houghton Stock Fund	ST
Bailard, Biehl & Kaiser 2755 Campus Drive Suite 300 San Mateo, CA 94403 (415) 571-5800* (local) (800) 882-8383 (out of state) Exchange privilege: No	
Bailard Biehl & Kaiser Diversa Fund	BA
Robert W Baird & Co 777 East Wisconsin Avenue Milwaukee, WI 53202 (414) 765-3500* (local) (800) 792-2473 (out of state) Exchange privilege: No	
Baird Blue Chip Fund	ST
Baird Capital Development Fund	ST
Baron Asset Fund 450 Park Avenue New York, NY 10022 (212) 759-7700 (local) (800) 992-2766 (out of state) Exchange privilege: No	
Baron Asset Fund	ST
Bartlett Capital Trust 36 East Fourth Street Cincinnati, OH 45202 (800) 327-4363 (local) (800) 543-0863 (out of state) Exchange privilege: Yes	
Bartlett Capital Trust–Basic Value	ST
Bartlett Capital Trust–Fixed Income	BD
Beacon Hill Mutual Fund 75 Federal Street Boston, MA 02110 (617) 482-0795 (local) Exchange privilege: No	
Beacon Hill Mutual Fund	ST

Distributor	Type of fund
Benham Capital Management 755 Page Mill Road Palo Alto, CA 94304 (800) 982-6150 (local) (800) 227-8380 (out of state) Exchange privilege: Yes	
Benham Calif Tax-Free–High Yield	MU
Benham Calif Tax-Free–Insured	MU
Benham Calif Tax-Free–Intermediate	MU
Benham Calif Tax-Free–Long-Term	MU
Benham Calif Tax-Free–MM	MM
Benham Government Inc–GNMA	BD
Benham National Tax-Free–MM	MM
Benham Target Maturities–2015	BD
Benham Treasury Note Fund	BD
Capital Preservation Fund	MM
Capital Preservation Fund II	MM
Berger Associates 899 Logan Street Suite 211 Denver, CO 80203 (303) 837-1020* (local) (800) 333-1001 (out of state) Exchange privilege: Yes	
One Hundred Fund	ST
Berwyn Fund 1189 Lancaster Avenue Berwyn, PA 19312 (215) 640-4330* (local) Exchange privilege: Yes	
Berwyn Fund	ST
Boston Co Funds Distributor One Boston Place Boston, MA 02108 (800) 225-5267 (nationwide) Exchange privilege: Yes	
Boston Co Capital Appreciation Fund	ST
Boston Co Tax-Free Muni–Mass MM	MM
Boston Co Special Growth Fund	ST
Boston Co Tax-Free Muni–Money	MM
Brandywine Fund PO Box 4166 Greenville, DE 19807 (302) 656-6200 (local) Exchange privilege: No	
Brandywine Fund	ST
Bridges Investment Fund 8401 West Dodge Road Omaha, NE 68114 (402) 397-4700 (local) Exchange privilege: No	
Bridges Investment Fund	ST
Clayton Brown & Associates 500 West Madison Suite 3000 Chicago, IL 60606 (312) 559-3007 (local) (800) 621-4770 (out of state) Exchange privilege: Yes	
First Trust–US Government	BD

*Will accept collect calls.

Fund Distributors

Distributor	Type of fund
Alex Brown & Sons 135 East Baltimore Street Baltimore, MD 21202 (301) 727-1700 (local) (800) 638-2596 (out of state) Exchange privilege: Yes	
Alex Brown Cash Reserve–Prime	MM
Flag Investors Corporate Cash Trust	ST
Flag Investors Emerging Growth	ST
Flag Investors International Trust	FO
Flag Investors T-F Cash Reserve Shs	MM
Flag Investors Telephone Income	ST
Bruce Fund 20 North Wacker Drive Suite 1425 Chicago, IL 60606 (312) 236-9160 (local) Exchange privilege: No	
Bruce Fund	BA
Bull & Bear Group 11 Hanover Square New York, NY 10005 (212) 363-1100 (local) (800) 847-4200 (out of state) Exchange privilege: Yes	
Bull & Bear Capital Growth Fund	ST
Bull & Bear Equity-Income Fund	ST
Bull & Bear Gold Investors	FO
Calamos Financial Services 2001 Spring Road Suite 750 Oakbrook, IL 60521 (312) 571-7115 (local) (800) 323-9943 (out of state) Exchange privilege: No	
Calamos Convertible Income	ST
California Investment Trust 44 Montgomery Street Suite 2200 San Francisco, CA 94104 (800) 225-8778 (local) (800) 826-8166 (out of state) Exchange privilege: Yes	
California Tax-Free Income	MU
California Tax-Free MM	MM
Calvert Group 1700 Pennsylvania Avenue NW Washington, DC 20006 (301) 951-4800* (local) (800) 368-2748 (out of state) Exchange privilege: Yes	
Calvert Ariel Growth Fund	ST
Calvert Fund–Equity	ST
Calvert–Washington Area Growth	ST
Calvert Social Inv–Equity	ST
Calvert Social Inv–Managed Growth	BA
Calvert Tax-Free Reserves–Limited	MU
Calvert Tax-Free Reserves–MM	MM
Money Management Plus–Tax-Free	MM

Distributor	Type of fund
Capstone Asset Planning Co PO Box 3167 Houston, TX 77253-3167 (713) 750-8000 (local) (800) 262-6631 (out of state) Exchange privilege: Yes	
Capstone Equity Guard	ST
Cashman Farrell Value Fund	ST
Fund of the Southwest	ST
PBHG Growth Fund	ST
US Trend Fund	ST
Carnegie Fund Distributors 1228 Euclid Avenue Cleveland, OH 44115 (216) 781-4440* (local) (800) 321-2322 (out of state) Exchange privilege: Yes	
Carnegie-Cappiello–Growth	ST
Carnegie-Cappiello–Total Return	ST
Carnegie Tax-Free Income Trust	MM
Liquid Capital Income Trust	MM
Centennial Capital Corp 3410 South Galena Street Denver, CO 80201 (800) 356-3556 (local) (800) 525-7048 (out of state) Exchange privilege: Yes	
Centennial Tax-Exempt Trust	MM
Daily Cash Accumulation Fund	MM
Century Shares Trust One Liberty Square Boston, MA 02109 (617) 482-3060* (local) (800) 321-1928 (out of state) Exchange privilege: No	
Century Shares Trust	ST
Cigna Securities 1350 Main Street Springfield, MA 01103 (413) 784-0100 (local) Exchange privilege: Yes	
Cigna Aggressive Growth Fund	ST
Cigna Growth Fund	ST
Cigna High Yield Fund	BD
Cigna Income Fund	BD
Cigna Municipal Bond Fund	MU
Cigna Tax-Exempt Cash Fund	MM
Cigna Utilities	ST
Cigna Value Fund	ST

Distributor	Type of fund
Colonial Investment Services One Financial Center Boston, MA 02111 (617) 426-3750* (local) (800) 225-2365 (out of state) Exchange privilege: Yes	
Colonial Advanced Strategies Gold	BA
Colonial California Tax-Exempt	MU
Colonial Fund	BA
Colonial Government Securities Plus	BD
Colonial Growth Shares Trust	ST
Colonial High Yield Securities	BD
Colonial Income Trust	BD
Colonial International Equity Index	FO
Colonial Massachusetts Tax-Exempt	MU
Colonial Ohio Tax-Exempt Trust	MU
Colonial Small Stock Index Trust	ST
Colonial Strategic Inc–Diversified	ST
Colonial Strategic Inc–Inc Plus	ST
Colonial Tax-Exempt–High Yield	MU
Colonial Tax-Exempt–Insured Fund	MU
Colonial Tax-Exempt–Money Market	MM
Colonial US Equity Index Trust	ST
Colonial VIP–Aggressive Growth	ST
Colonial VIP–Diversified Return	ST
Colorado Tax Exempt 717 17th Street Suite 2500 Denver, CO 80202 (303) 292-0300 (local) Exchange privilege: No	
Colorado Double Tax Exempt Fund	MU
Columbia Funds Management Co PO Box 1350 Portland, OR 97207-1350 (800) 452-4512 (local) (800) 547-1707 (out of state) Exchange privilege: Yes	
Columbia Daily Income Co	MM
Columbia Fixed Income Securities	BD
Columbia Growth Fund	ST
Columbia Municipal Bond Fund	MU
Columbia Special Fund	ST
Command Money Market Funds 115 Broadway 16th Floor New York, NY 10006 (212) 306-0521 (local) (800) 222-4321 (out of state) Exchange privilege: Yes	
Command Money Fund	MM
Command Tax-Free Fund	MM
Common Sense Distributors 3100 Breckinridge Boulevard Building 400 Duluth, GA 30199-0001 (404) 381-2668 (local) (800) 888-3863 (out of state) Exchange privilege: Yes	
Common Sense–Growth	ST
Common Sense–Growth & Income	ST

*Will accept collect calls.

Distributor	Type of fund
Concord Financial Group 156 West 56th Street Suite 1902 New York, NY 10019 (212) 492-1600* (local) (800) 332-3863 (out of state) Exchange privilege: Yes	
Pacific Horizon–Aggressive Growth	ST
Pacific Horizon–Calif Tax-Ex Bond	MU
Pacific Horizon–Government MM	MM
Pacific Horizon–Money Market	MM
Pacific Horizon–Tax-Exempt MM	MM
Connecticut Mutual Financial Services 140 Garden Street MS 240 Hartford, CT 06154 (203) 727-6500* (local) (800) 243-2501 (out of state) Exchange privilege: Yes	
Connecticut Mutual–Growth	ST
Connecticut Mutual–Total Return	BA
Conway, Luongo, Williams 3000 Sand Hill Road Menlo Park, CA 94025 (415) 854-9150* (local) Exchange privilege: No	
Adam Investors	ST
Copley Financial Services Corp PO Box 3287 Fall River, MA 02722 (508) 674-8459* (local) Exchange privilege: No	
Copley Fund	ST
Cortland Distributors 315 State Street Hackensack, NJ 07601 (201) 342-6066 (local) (800) 433-1918 (out of state) Exchange privilege: Yes	
Aim General Money Market	MM
Aim Tax-Free Money Market	MM
Counsellors Securities 466 Lexington Avenue New York, NY 10017-3147 (212) 878-0600 (local) (800) 888-6878 (out of state) Exchange privilege: Yes	
Counsellors Capital Appreciation	ST
Counsellors Emerging Growth Fund	ST
Counsellors New York Tax-Exempt	MM
Country Capital Management Co PO Box 2222 Bloomington, IL 61701 (309) 557-2444 (local) Exchange privilege: Yes	
Country Capital Growth Fund	ST
Country Capital Income Fund	BA
Cowen & Co Financial Square New York, NY 10005 (212) 495-6000 (local) (800) 221-5616 (out of state) Exchange privilege: Yes	
Cowen Income + Growth Fund	ST
Cowen Opportunity Fund	ST
Standby Tax-Exempt Reserve Fund	MM

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THE Vanguard GROUP
OF INVESTMENT COMPANIES

Fund Distributors

Distributor	Type of fund
Craig-Hallum 701 Fourth Avenue South-10th Floor Minneapolis, MN 55415 (612) 332-1212 (local) (800) 331-4923 (out of state) Exchange privilege: No	
General Securities	ST
Dain Bosworth 790 North Milwaukee Street Milwaukee, WI 53202 (414) 347-7276 (local) (800) 432-7856 (out of state) Exchange privilege: Yes	
Heartland Group–Value Fund	ST
Dean Witter Reynolds One World Trade Center New York, NY 10048 (212) 392-2500 (local) (800) 869-3863 (out of state) Exchange privilege: Yes	
Active Assets Money Trust	MM
Active Assets Tax-Free Trust	MM
Dean Witter American Value Fund	ST
Dean Witter Calif Tax-Free Income	MU
Dean Witter Convertible Secs	BA
Dean Witter Developing Growth Secs	ST
Dean Witter Dividend Growth Secs	ST
Dean Witter Government Secs Plus	BD
Dean Witter High Yield Secs	BD
Dean Witter Managed Assets	ST
Dean Witter Natural Resource Dev	ST
Dean Witter NY Tax-Free Income	MU
Dean Witter Option Income Trust	ST
Dean Witter/Sears Liquid Asset	MM
Dean Witter/Sears Tax-Free Daily Inc	MM
Dean Witter/Sears US Govt MM	MM
Dean Witter Tax-Exempt Secs	MU
Dean Witter US Govt Securities	BD
Dean Witter Utilities Fund	ST
Dean Witter Value-Added Mkt	ST
Dean Witter World Wide Investment	FO
Delaware Distributors 10 Penn Center Plaza Philadelphia, PA 19103 (215) 988-1333 (local) (800) 523-4640 (out of state) Exchange privilege: Yes	
Delaware Group Cash Reserve	MM
Delaware Group Decatur Fund–I	ST
Delaware Group Decatur Fund–II	ST
Delaware Group Delaware Fund	BA
Delaware Group DelCap Fund–I	ST
Delaware Group Delchester H-Y–I	BD
Delaware Group Govt–Govt Income	BD
Delaware Group Tax-Free Fund–USA	MU
Delaware Group Tax-Free Money	MM
Delaware Group Treasury–Investors	BD
Delaware Group Trend Fund	ST
Delaware Group Value Fund	ST
DMC Tax-Free Income Trust–PA	MU

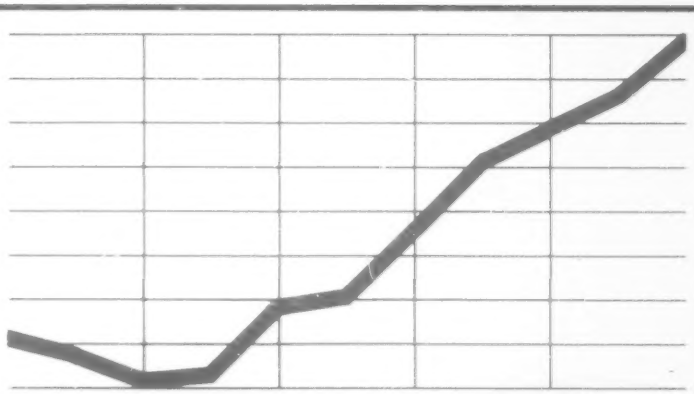
Distributor	Type of fund
Diversified Securities PO Box 357 Long Beach, CA 90801 (213) 595-7711* (local) Exchange privilege: No	
Investors Research Fund	ST
Dividend Growth Fund 107 North Adams Street Rockville, MD 20850 (301) 251-1002* (local) (800) 638-3042 (out of state) Exchange privilege: Yes	
Dividend/Growth–Dividend	ST
Dodge & Cox One Post Street 35th Floor San Francisco, CA 94104 (415) 434-0311 (local) Exchange privilege: Yes	
Dodge & Cox Balanced Fund	BA
Dodge & Cox Stock Fund	ST
Dolphin FRIC Convertible Fund 10900 Wilshire Boulevard Suite 1050 Los Angeles, CA 90024 (213) 824-7609 (local) Exchange privilege: No	
Dolphin FRIC Convertible Fund	BA
Drexel Burnham Lambert 25 Broad Street New York, NY 10004 (212) 480-6000* (local) (800) 221-3290 (out of state) Exchange privilege: Yes	
DBL Cash Fund–Money Market	MM
DBL Tax-Free Fund–Money Market	MM
Drexel Burnham Fund	ST
Drexel Series–Convertible Secs	ST
Drexel Series–Emerging Growth	ST
Drexel Series–Government Securities	BD
Drexel Series–Growth	ST
Drexel Series–Option Income	ST
Drexel Series–Priority Selection	ST
Fenimore International Fund Equity	FO

Distributor	Type of fund
Dreyfus Service Corp 600 Madison Avenue New York, NY 10022 (718) 895-1206 (local) (800) 645-6561 (out of state) Exchange privilege: Yes	
Dreyfus A Bonds Plus	BD
Dreyfus California Tax-Exempt Bond	MU
Dreyfus California Tax-Exempt MM	MM
Dreyfus Capital Value Fund	ST
Dreyfus Convertible Securities Fund	BA
Dreyfus Fund	ST
Dreyfus GNMA Fund	BD
Dreyfus Growth Opportunity Fund	ST
Dreyfus Index Fund	ST
Dreyfus Insured Tax-Exempt Bond	MU
Dreyfus Intermediate Tax-Ex Bond	MU
Dreyfus Leverage Fund	ST
Dreyfus Liquid Assets	MM
Dreyfus Massachusetts Tax-Ex Bond	MU
Dreyfus MM Instruments–Govt Secs	MM
Dreyfus New Jersey Tax-Ex Bond	MU
Dreyfus New Leaders Fund	ST
Dreyfus New York Insured T-E Bond	MU
Dreyfus NY Tax-Exempt Bond Fund	MU
Dreyfus NY Tax-Ex Intermed Bond	MU
Dreyfus New York Tax-Exempt MM	MM
Dreyfus Strategic Aggressive Inv LP	ST
Dreyfus Strategic Investing	ST
Dreyfus Strategic World Investing LP	FO
Dreyfus Tax-Exempt Bond Fund	MU
Dreyfus Tax-Exempt Money Market	MM
Dreyfus Third Century Fund	ST
First Prairie Diversified Asset Fund	BA
First Prairie T-E Money Market	MM
General Aggressive Growth	ST
General Calif Tax-Exempt Money	MM
General Money Market Fund	MM
General NY T-E Intermed Bond	MU
General NY Tax-Exempt Money	MM
General Tax-Exempt Money Market	MM
Premier Calif Tax-Exempt Bond	MU
Premier Tax-Exempt–Maryland	MU
Premier Tax-Exempt–Connecticut	MU
Premier Tax-Exempt–Massachusetts	MU
Premier Tax-Exempt–Ohio	MU
Westwood Fund	ST
Eaton Vance Distributors 24 Federal Street Boston, MA 02110 (617) 482-8260 (local) (800) 225-6265 (out of state) Exchange privilege: Yes	
Eaton Vance California Municipals	MU
Eaton Vance Government Oblig	BD
Eaton Vance Growth Fund	ST
Eaton Vance High Income Trust	BA
Eaton Vance High Yield Municipals	MU
Eaton Vance Income Fund of Boston	BA
Eaton Vance Investors Fund	BA
Eaton Vance Special Equities Fund	ST
Eaton Vance Stock Fund	ST
Eaton Vance Tax-Free Reserves	MM
Eaton Vance Total Return Trust	ST
Nautilus Fund	ST
Vance, Sanders Special Fund	ST

*Will accept collect calls

Distributor	Type of fund
Eclipse Financial Services PO Box 2196 Peachtree City, GA 30269 (404) 631-0414* (local) (800) 872-2710 (out of state) Exchange privilege: Yes	
Eclipse Equity Fund	ST
Enterprise Fund Distributors 1200 Ashwood Parkway Suite 290 Atlanta, GA 30338 (404) 396-8118* (local) (800) 432-4320 (out of state) Exchange privilege: Yes	
Enterprise Group–Growth	ST
Enterprise Group–Growth & Income	ST
Enterprise Group–International Grow	FO
EQSF Advisers 767 Third Avenue 5th Floor New York, NY 10017 (212) 888-6685 (local) (800) 834-3400 (out of state) Exchange privilege: No	
Equity Strategies Fund	ST
Equitable Funds 1755 Broadway Location 3D New York, NY 10019 (212) 641-8100 (local) (800) 541-2150 (nationwide) Exchange privilege: Yes	
Equitable Funds–Balanced Fund	BA
Equitable Funds–Growth	ST
Equitec Securities PO Box 2470 7677 Oakport Street Oakland, CA 94614 (800) 869-8008 (nationwide) Exchange privilege: Yes	
Equitec Siebel Aggressive Growth	ST
Equitec Siebel Total Return Fund	ST
Equitec Siebel US Government Secs	BD
Equity Services National Life Drive Montpelier, VT 05604 (802) 229-3900* (local) (800) 233-4332 (out of state) Exchange privilege: Yes	
Sentinel Balanced Fund	BA
Sentinel Bond Fund	BD
Sentinel Common Stock Fund	ST
Sentinel Growth Fund	ST

*Will accept collect calls.



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Total return includes changes in share price, assumes reinvestment of income and capital gains distributions (both of which may be subject to state and local taxes and Federal Alternative Minimum Tax), represents past performance and may vary for different periods. Actual total return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their cost. Read the prospectus carefully before you invest.

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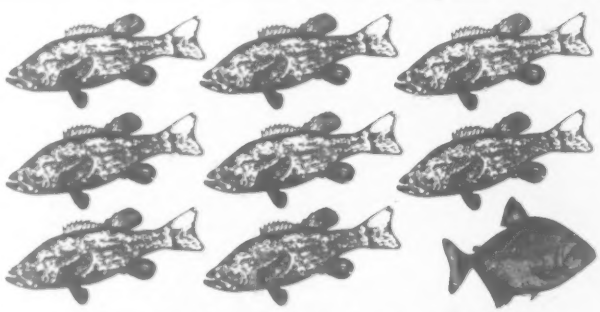

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Fund Distributors

Distributor	Type of fund
Excel Advisors 16955 Via Del Campo Suite 120 San Diego, CA 92127 (618) 485-9400 (local) (800) 333-9235 (out of state) Exchange privilege: Yes	
Excel Midas Gold Shares & Bullion	ST
Excel Value Fund	ST
Fahnestock & Co 50 Broad Street Suite 237 New York, NY 10004 (212) 425-9655 (local) (800) 221-5588 (out of state) Exchange privilege: No	
Eagle Growth Shares	ST
Philadelphia Fund	ST
Fairfield Group 200 Gibraltar Road Horsham, PA 19044 (800) 222-3429 (local) (800) 441-3885 (out of state) Exchange privilege: Yes	
St Clair Equity–Capital Growth Fund	ST
St Clair Tax-Free–Money Market	MM
Viking Equity Index Fund–General	ST
Fairmont Fund 1346 South Third Street Louisville, KY 40208 (502) 636-5633 (local) (800) 262-9936 (out of state) Exchange privilege: Yes	
Fairmont Fund	ST
FBL Investment Advisory Services 5400 University Avenue West Des Moines, IA 50265 (800) 422-3175 (local) (800) 247-4170 (out of state) Exchange privilege: Yes	
FBL–Growth Common Stock	ST
Federated Securities Corp Federated Tower Pittsburgh, PA 15222-3779 (412) 288-1900* (local) (800) 245-2423 (out of state) Exchange privilege: Yes	
American Leaders Fund	ST
Convertible Securities & Income	BA
Federated GNMA Trust	BD
Federated Growth Trust	ST
Federated High Income Securities	BD
Federated High Quality Stock Fund	ST
Federated High Yield Trust	BD
Federated Income Trust	BD
Federated Intermediate Government	BD
Federated Short-Intermed Govt	BD
Federated Stock & Bond Fund	BA
Federated Stock Trust	ST
Federated Tax-Free Income Fund	MU
Federated Tax-Free Trust	MM
Federated Utility Trust	ST
FT International	FO
Fund for US Govt Securities	BD
Government Income Securities	BD
Liberty US Govt Money Market	MM
AT Ohio Tax-Free Money Fund	MM
Progressive Income Equity	ST
Tax-Free Instruments Trust	MM

Distributor	Type of fund
Fidelity Distributors Corp 82 Devonshire Street Boston, MA 02109 (800) 544-6666 (nationwide) Exchange privilege: Yes	
Fidelity Balanced Fund	BA
Fidelity Blue Chip Growth Fund	ST
Fidelity Calif Tax-Free–High Yield	MU
Fidelity Calif Tax-Free–Insured	MU
Fidelity Calif Tax-Free–MM	MM
Fidelity Canada Fund	FO
Fidelity Capital Appreciation	ST
Fidelity Cash Reserves	MM
Fidelity Connecticut Tax-Free	MU
Fidelity Contrafund	ST
Fidelity Convertible Securities Fund	BA
Fidelity Daily Income Trust	MM
Fidelity Destiny Portfolio I	ST
Fidelity Destiny Portfolio II	ST
Fidelity Equity Income Fund	ST
Fidelity Europe Fund	FO
Fidelity Flexible Bond Fund	BD
Fidelity Freedom Fund	ST
Fidelity Fund	ST
Fidelity Ginnie Mae	BD
Fidelity Global Bond Fund	FO
Fidelity Government Securities Fund	BD
Fidelity Growth & Income	ST
Fidelity Growth Company	ST
Fidelity High Income Fund	BD
Fidelity Intermediate Bond Fund	BD
Fidelity International Growth & Inc	FO
Fidelity Magellan Fund	ST
Fidelity Mass Tax-Free–High Yield	MU
Fidelity Mass Tax-Free–MM	MM
Fidelity Mortgage Securities	BD
Fidelity New Jersey Tax-Free–MM	MM
Fidelity NY Tax-Free–High Yield	MU
Fidelity NY Tax-Free–Insured	MU
Fidelity NY Tax-Free–Money Market	MM
Fidelity OTC Portfolio	ST
Fidelity Overseas Fund	FO
Fidelity Pacific Basin Fund	FO
Fidelity Pennsylvania T-F–Hi Yld	MU
Fidelity Pennsylvania Tax-Free–MM	MM
Fidelity Plymouth–Growth Oppor	ST
Fidelity Plymouth–Income & Grow	ST
Fidelity Puritan Fund	BA
Fidelity Real Estate Investment	ST
Fidelity Select–Air Transportation	ST
Fidelity Select–American Gold	ST
Fidelity Select–Biotechnology	ST
Fidelity Select–Broadcast & Media	ST
Fidelity Select–Brokerage & Inv	ST
Fidelity Select–Capital Goods	ST
Fidelity Select–Chemicals	ST
Fidelity Select–Computers	ST
Fidelity Select–Electric Utilities	ST
Fidelity Select–Electronics	ST
Fidelity Select–Energy	ST
Fidelity Select–Energy Service	ST
Fidelity Select–Financial Services	ST
Fidelity Select–Food & Agriculture	ST
Fidelity Select–Health Care	ST
Fidelity Select–Industrial Materials	ST
Fidelity Select–Leisure	ST
Fidelity Select–Medical Delivery	ST
Fidelity Select–Money Market	MM

Distributor	Type of fund
Fidelity Select–Paper & Forest Prod	ST
Fidelity Select–Prec Metals & Mins	ST
Fidelity Select–Prop & Casualty	ST
Fidelity Select–Regional Banks	ST
Fidelity Select–Retailing	ST
Fidelity Select–Savings & Loan	ST
Fidelity Select–Software & Computer	ST
Fidelity Select–Technology	ST
Fidelity Select–Telecommunications	ST
Fidelity Select–Utilities	ST
Fidelity Short-Term Bond	BD
Fidelity Short-Term Government	BD
Fidelity Special Situations–Initial	ST
Fidelity Special Situations–Plymouth	ST
Fidelity State Tax-Free–Michigan	MU
Fidelity State Tax-Free–Minnesota	MU
Fidelity State Tax-Free–Ohio	MU
Fidelity Tax-Exempt–Money Market	MM
Fidelity Tax-Free–Aggressive	MU
Fidelity Tax-Free–High Yield	MU
Fidelity Tax-Free–Insured	MU
Fidelity Tax-Free–Ltd Term Munis	MU
Fidelity Tax-Free–Municipal Bond	MU
Fidelity Texas Tax-Free	MU
Fidelity Trend Fund	ST
Fidelity US Government Reserves	MM
Fidelity Utilities Income	ST
Fidelity Value Fund	ST
Fiduciary Investment Co 230 South Tryon Street Suite 345 Charlotte, NC 28202 (704) 331-0710* (local) (800) 527-1578 (out of state) Exchange privilege: Yes	
Salem Funds–Growth	ST
Fiduciary Management 225 East Mason Street Milwaukee, WI 53202 (414) 226-4556* (local) (800) 338-1579 (out of state) Exchange privilege: Yes	
Fiduciary Capital Growth Fund	ST
Financial Programs PO Box 2040 Denver, CO 80201 (303) 779-1233 (local) (800) 525-8085 (out of state) Exchange privilege: Yes	
Financial Dynamics Fund	ST
Financial Industrial Fund	ST
Financial Industrial Income Fund	ST
Financial Strategic–Energy	ST
Financial Strategic–European	FO
Financial Strategic–Gold	ST
Financial Strategic–Health Science	ST
Financial Strategic–Leisure	ST
Financial Strategic–Pacific Basin	FO
Financial Strategic–Technology	ST
Financial Strategic–Utilities	ST
Financial Tax-Free Income Shares	MU
Financial Tax-Free Money Fund	MM

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Distributor	Type of fund
First Eagle Fund of America 45 Broadway New York, NY 10006 (212) 943-9200* (local) (800) 451-3623 (out of state) Exchange privilege: No	
First Eagle Fund of America	ST
First Investors Management Co 10 Woodbridge Center Drive Woodbridge, NJ 07095 (212) 208-6000 (local) (800) 423-4026 (out of state) Exchange privilege: Yes	
First Investors Bond Appreciation	BD
First Investors Discovery Fund	ST
First Investors Fund for Growth	ST
First Investors Fund for Income	BD
First Investors Government Fund	BD
First Investors High Yield Fund	BD
First Investors International Secs	FO
First Investors New York Tax-Free	MU
First Investors Tax-Exempt Fund	MU
First Investors Tax-Exempt MM	MM
First Investors Value Fund	ST
Flagship Financial One First National Plaza Suite 910 Dayton, OH 45402 (800) 354-7447 (local) (800) 227-4648 (out of state) Exchange privilege: Yes	
Flagship Tax-Ex–Arizona Double	MU
Flagship Tax-Exempt–Conn Double	MU
Flagship Tax-Ex–Georgia Double	MU
Flagship Tax-Ex–Kentucky Triple	MU
Flagship Tax-Exempt–Mich Triple	MU
Flagship Tax-Exempt–NC Triple	MU
Flagship Tax-Exempt–Ohio Double	MU
Flagship Tax-Exempt–Penn Triple	MU
Flagship Tax-Exempt–Tenn Double	MU
Flagship Tax-Exempt–Va Double	MU
Flex Funds PO Box 7177 Dublin, OH 43017 (614) 766-7000* (local) (800) 325-3539 (out of state) Exchange privilege: Yes	
Flex-funds–Growth Fund	ST
Flex-funds–Income & Growth Fund	ST
44 Securities 26 Broadway Suite 205 New York, NY 10004 (212) 248-8080 (local) (800) 543-2620 (out of state) Exchange privilege: Yes	
44 Wall Street Equity Fund	ST
44 Wall Street Fund	ST

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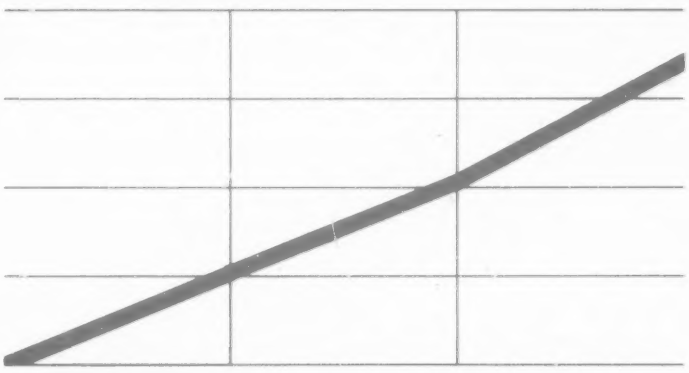

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Fund Distributors

Distributor	Type of fund
Founders Asset Management 3033 East First Avenue Suite 810 Denver, CO 80206 (303) 394-4404 (local) (800) 525-2440 (out of state) Exchange privilege: Yes	
Founders Blue Chip	ST
Founders Equity Income Fund	ST
Founders Frontier Fund	ST
Founders Growth Fund	ST
Founders Special Fund	ST
Franklin Distributors 777 Mariner's Island Boulevard San Mateo, CA 94404-1585 (800) 342-5236 (local) (800) 632-2180 (out of state) Exchange privilege: Yes	
Franklin AGE High Income Fund	BD
Franklin Arizona Tax-Free Income	MU
Franklin Calif Insured Tax-Free Inc	MU
Franklin Calif Tax-Exempt Money	MM
Franklin Calif Tax-Free Income	MU
Franklin DynaTech Fund	ST
Franklin Equity Fund	ST
Franklin Federal Tax-Free Income	MU
Franklin Florida Tax-Free Income	MU
Franklin Gold Fund	FO
Franklin Growth Fund	ST
Franklin High Yield Tax-Free Income	MU
Franklin Income Fund	BA
Franklin Insured Tax-Free Income	MU
Franklin Managed Trust Rising Divs	ST
Franklin Mass Insured Tax-Free Inc	MU
Franklin Mich Insured Tax-Free Inc	MU
Franklin Minn Insured Tax-Free Inc	MU
Franklin Money Fund	MM
Franklin New Jersey Tax-Free Inc	MU
Franklin New York Tax-Ex Money	MM
Franklin New York Tax-Free Income	MU
Franklin Ohio Insured Tax-Free Inc	MU
Franklin Option Fund	ST
Franklin Oregon Tax-Free Income	MU
Franklin Pennsylvania Tax-Free Inc	MU
Franklin PR Tax-Free Income Fund	MU
Franklin Tax-Exempt Money Fund	MM
Franklin US Government Securities	BD
Franklin Utilities Fund	ST
Freedom Capital Management Corp One Beacon Street 4th Floor Boston, MA 02108 (800) 392-6037 (local) (800) 225-6258 (out of state) Exchange privilege: Yes	
Freedom Cash Management	MM
Freedom Equity Value Fund	ST
Freedom Inv–Gold & Government	ST
Freedom Inv–Government Plus	BD
Freedom Inv–Regional Bank	ST
Freedom Inv II–Global Fund	FO
Freedom Inv II–Global Income +	FO
Freedom Tax-Exempt Money	MM
Tocqueville Fund	ST

Distributor	Type of fund
Fundamental Services 111 Broadway Suite 1107 New York, NY 10006 (212) 608-6864* (local) (800) 225-6864 (out of state) Exchange privilege: Yes	
New York Muni Fund	MU
Furman Selz Mager Dietz & Birney 230 Park Avenue New York, NY 10169 (212) 309-8400* (local) (800) 845-8406 (out of state) Exchange privilege: Yes	
FFB Tax-Free Money Market Fund	MM
Fund Source–International Equity	FO
FundTrust–Aggressive Growth	ST
FundTrust–Growth	ST
FundTrust–Growth & Income	BA
Olympus California Tax-Exempt	MU
Olympus Equity Plus Fund	ST
Olympus Option Income Plus Fund	ST
Gabelli & Co PO Box 1634 Grand Central Station New York, NY 10163 (212) 490-3670 (local) (800) 422-3554 (out of state) Exchange privilege: No	
Gabelli Asset Fund	ST
Gabelli Growth Fund	ST
GAM Funds PO Box 2798 Boston, MA 02208 (617) 482-9300* (local) (800) 354-5740 (out of state) Exchange privilege: Yes	
GAM Global Fund	FO
GAM International Fund	FO
GAM Pacific Basin Fund	FO
Gateway Investment Advisers PO Box 458167 Cincinnati, OH 45245 (513) 248-2700* (local) (800) 354-6339 (out of state) Exchange privilege: Yes	
Gateway Growth Plus Fund	ST
Gateway Option Index Fund	ST
Gintel & Co Greenwich Office Park 6 Greenwich, CT 06830 (203) 622-6400 (local) (800) 243-5808 (out of state) Exchange privilege: Yes	
Gintel Capital Appreciation Fund	ST
Gintel Erisa Fund	ST
Gintel Fund	ST
GIT Investment Services 1655 North Fort Myer Drive Arlington, VA 22209 (703) 528-6500 (local) (800) 336-3063 (out of state) Exchange privilege: Yes	
GIT Equity Trust–Special Growth	ST

Distributor	Type of fund
Gradison & Co 580 Walnut Street Cincinnati, OH 45202 (800) 582-7062 (local) (800) 543-1818 (out of state) Exchange privilege: Yes	
Gradison Cash Reserves Trust	MM
Gradison Established Growth Fund	ST
Gradison Opportunity Growth Fund	ST
Greenspring Fund Suite 322, The Quadrangle Village of Cross Keys Baltimore, MD 21210 (301) 435-9000* (local) Exchange privilege: No	
Greenspring Fund	ST
Growth Industry Shares 135 South LaSalle Street Chicago, IL 60603 (312) 346-4830 (local) (800) 635-2886 (out of state) Exchange privilege: No	
Growth Industry Shares	ST
GT Global Financial Services 50 California Street Suite 2700 San Francisco, CA 94111-4624 (415) 392-6181* (local) (800) 824-1580 (out of state) Exchange privilege: Yes	
GT Global Growth–Europe	FO
GT Global Growth–Intl	FO
GT Global Growth–Japan	FO
GT Global Growth–Pacific	FO
GT Global Growth–Worldwide	FO
GT Investment–Global Bond	FO
Guardian Investor Services Corp 201 Park Avenue South New York, NY 10003 (800) 221-3253 (nationwide) Exchange privilege: Yes	
Guardian Park Ave Fund	ST
John Hancock Advisors 101 Huntington Avenue Boston, MA 02199 (617) 375-1800 (local) (800) 225-5291 (out of state) Exchange privilege: Yes	
John Hancock Bond Trust	BD
John Hancock Global Trust	FO
John Hancock Growth Trust	ST
John Hancock Special Equities Trust	ST
John Hancock Tax-Exempt Income	MU
John Hancock US Govt Guar Mort	BD
John Hancock US Govt Securities	BD

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Distributor	Type of fund
Hartwell Funds 515 Madison Avenue 31st Floor New York, NY 10022 (212) 309-8400* (local) (800) 624-3863 (out of state) Exchange privilege: Yes	
Hartwell Emerging Growth	ST
Hartwell Growth Fund	ST
HCA Securities One SeaGate Toledo, OH 43666 (419) 247-2477 (local) (800) 422-1050 (out of state) Exchange privilege: Yes	
Harbor Growth Fund	ST
Harbor International	FO
Harbor US Equities	ST
Harbor Value	ST
Heine Management Group PO Box 830 Westport, CT 06881 (800) 522-2564 (local) (800) 422-2564 (out of state) Exchange privilege: No	
LMH Fund	ST
Heine Securities 51 John F Kennedy Parkway Short Hills, NJ 07078 (201) 912-2100* (local) (800) 448-3863 (out of state) Exchange privilege: Yes	
Mutual Series Fund–Beacon	ST
Mutual Series Fund–Mutual Shares	ST
Mutual Series Fund–Qualified	ST
Heritage Asset Management 880 Carillon Parkway St Petersburg, FL 33716 (800) 421-4184 (nationwide) Exchange privilege: Yes	
Heritage Capital Appreciation	ST
Heritage Convertible Income–Grow	BA
HT Insight Funds 345 Park Avenue New York, NY 10154 (212) 326-6656 (local) (800) 854-8525 (out of state) Exchange privilege: Yes	
HT Insight–Convertible Fund	ST
HT Insight–Equity Fund	ST
HT Insight–Tax-Free MM Fund	MM
Wayne Hummer & Co 175 West Jackson Boulevard Chicago, IL 60604 (800) 972-5566 (local) (800) 621-4477 (out of state) Exchange privilege: Yes	
Wayne Hummer Growth Fund	ST

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Fund Distributors

Distributor	Type of fund
Huntington Investments 251 South Lake Avenue Suite 600 Pasadena, CA 91101 (818) 440-9688* (local) (800) 232-3310 (out of state) Exchange privilege: Yes	
International Cash–Global	FO
IAI Funds PO Box 357 Minneapolis, MN 55440 (612) 371-2884 (local) Exchange privilege: Yes	
IAI Apollo	ST
IAI Bond Fund	BD
IAI International Fund	FO
IAI Regional Fund	ST
IAI Stock Fund	ST
IDEX Management PO Box 5068 Clearwater, FL 34618 (813) 585-6565 (local) (800) 237-3055 (out of state) Exchange privilege: Yes	
IDEX Fund	ST
IDEX II	ST
IDEX Fund 3	ST
IDS Financial Services IDS Tower 10 Minneapolis, MN 55440 (612) 372-3733 (local) (800) 328-8300 (out of state) Exchange privilege: Yes	
IDS Bond Fund	BD
IDS California Tax-Exempt Fund	MU
IDS Cash Management Fund	MM
IDS Discovery Fund	ST
IDS Equity Plus	ST
IDS Extra Income Fund	BD
IDS Federal Income Fund	BD
IDS Growth Fund	ST
IDS High Yield Tax-Exempt Fund	MU
IDS International Fund	FO
IDS Managed Retirement Fund	ST
IDS Minnesota Tax-Exempt Fund	MU
IDS Mutual	BA
IDS New Dimensions Fund	ST
IDS New York Tax-Exempt Fund	MU
IDS Precious Metals Fund	ST
IDS Progressive Fund	ST
IDS Selective Fund	BD
IDS Stock Fund	ST
IDS Strategy–Aggressive Equity	ST
IDS Strategy–Equity	ST
IDS Strategy–Income	BD
IDS Strategy–Pan Pacific Growth	FO
IDS Tax-Exempt Bond Fund	MU
IDS Tax-Free Money Fund	MM

Distributor	Type of fund
Integrated Resources Asset Mgmt 10 Union Square East New York, NY 10003 (212) 551-7125 (local) (800) 821-5100 (out of state) Exchange privilege: Yes	
Home Investors Govt Guaranteed Inc	BD
Integrated Capital Appreciation Fund	ST
Integrated Equity–Aggressive Growth	ST
Integrated Equity–Growth	ST
Integrated Income–Convertible Secs	BA
Integrated Multi-Asset–Total Return	ST
Integrated Tax-Free–Money Market	MM
Integrated Tax-Free–Stripes	MU
Investment Trust of Boston 399 Boylston Street Boston, MA 02117 (617) 578-1388* (local) (800) 888-4823 (out of state) Exchange privilege: Yes	
Inv Trust of Boston Grow Opp	ST
Inv Trust of Boston–Mass T-F	MU
Investors Management Group 418 Sixth Avenue 720 Liberty Building Des Moines, IA 50309 (515) 244-5426 (local) Exchange privilege: Yes	
IMG Stock Accumulation Fund	ST
Investors Security Trust 110 Bank Street Suffolk, VA 23434 (804) 539-2396* (local) Exchange privilege: No	
Old Dominion Investors' Trust	ST
Ivy Fund 40 Industrial Park Road Hingham, MA 02043 (800) 235-3322 (nationwide) Exchange privilege: Yes	
Ivy Growth Fund	ST
Ivy International Fund	FO
Janus Capital 100 Fillmore Street Suite 300 Denver, CO 80206 (303) 333-3863* (local) (800) 525-3713 (out of state) Exchange privilege: Yes	
Janus Fund	ST
Janus Twenty Fund	ST
Janus Venture Fund	ST
Jefferson-Pilot Investor Services PO Box 22086 Greensboro, NC 27420 (919) 378-2448 (local) (800) 458-4498 (out of state) Exchange privilege: Yes	
JP Growth Fund	ST

Distributor	Type of fund
Jones & Babson 2440 Pershing Road Kansas City, MO 64108 (816) 471-5200* (local) (800) 422-2766 (out of state) Exchange privilege: Yes	
Babson Bond Trust–Long-Term	BD
Babson Enterprise Fund	ST
Babson Growth Fund	ST
Babson Value Fund	ST
Shadow Stock Fund	ST
UMB Stock Fund	ST
UMB Tax-Free Money Market	MM
Edward D Jones & Co 201 Progress Parkway Maryland Heights, MO 63043 (314) 851-2000* (local) (800) 441-0100 (out of state) Exchange privilege: No	
ED Jones Daily Passport Cash Trust	MM
Kaufmann 17 Battery Place Suite 2624 New York, NY 10004 (212) 344-2661 (local) (800) 237-0132 (out of state) Exchange privilege: No	
Kaufmann Fund	ST
Keffer Capital Management 50 Monument Square 465 Congress Street Portland, ME 04101 (207) 879-1900 (local) Exchange privilege: No	
Warburg International Fund	FO
Kemper Financial Services 120 South LaSalle Street Chicago, IL 60603 (312) 781-1121* (local) (800) 621-1048 (out of state) Exchange privilege: Yes	
Cash Equivalent Fund–Govt	MM
Cash Equivalent Fund–MM	MM
Cash Equivalent Fund–T-E MM	MM
Investment Portfolios–Divers Inc	ST
Investment Portfolios–Equity	ST
Investment Portfolios–Govt Plus	BD
Investment Portfolios–High Yield	BD
Investment Portfolios–Total Return	BA
Kemper Blue Chip Fund	ST
Kemper California Tax-Free Income	MU
Kemper Diversified Income Fund	ST
Kemper Growth Fund	ST
Kemper High Yield Fund	BD
Kemper Income & Capital Preserv	BD
Kemper International Fund	FO
Kemper Money Market–MM	MM
Kemper Municipal Bond Fund	MU
Kemper Summit Fund	ST
Kemper Technology Fund	ST
Kemper Total Return Fund	BA
Kemper US Government Securities	BD
Tax-Exempt California MM	MM

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Distributor	Type of fund
Keystone Distributors 99 High Street Boston, MA 02110 (617) 338-3400 (local) (800) 343-2898 (out of state) Exchange privilege: Yes	
Keystone America Equity Income	ST
Keystone America Fund of Grow Str	ST
Keystone America High Yield Bond	BD
Keystone America Omega	ST
Keystone America Tax-Free Income	MU
Keystone Custodian B-1	BD
Keystone Custodian B-2	BD
Keystone Custodian B-4	BD
Keystone Custodian K-1	BA
Keystone Custodian K-2	ST
Keystone Custodian S-1	ST
Keystone Custodian S-3	ST
Keystone Custodian S-4	ST
Keystone International Fund	FO
Keystone Precious Metals	FO
Keystone Tax-Exempt Trust	MU
Keystone Tax-Free Fund	MU
Kidder, Peabody & Co 20 Exchange Place New York, NY 10005 (212) 510-5351* (local) Exchange privilege: Yes	
Kidder, Peabody California T-E MM	MM
Kidder, Peabody Equity Income	ST
Kidder, Peabody Government Income	BD
Kidder, Peabody Premium Account	MM
Kidder, Peabody Special Growth Fund	ST
Kidder, Peabody Tax-Exempt MM	MM
Kidder, Peabody MarketGuard I	ST
Webster Cash Reserve Fund	MM
Kleinwort Benson 200 Park Avenue 24th Floor New York, NY 10166 (212) 687-2515 (local) (800) 237-4218 (out of state) Exchange privilege: Yes	
Kleinwort Benson–Intl Equity	FO
Landmark Funds Broker Dealer Svcs 6 St James Avenue 9th Floor Boston, MA 02116 (617) 423-1679* (local) (800) 223-4447 (out of state) Exchange privilege: Yes	
Landmark Capital Growth Fund	ST
Landmark Growth & Income Fund	ST
Landmark New York T-F Reserves	MM
Landmark Tax-Free Reserves	MM
Legg Mason Wood Walker PO Box 1476 Baltimore, MD 21203 (301) 539-3400 (local) (800) 822-5544 (out of state) Exchange privilege: Yes	
Legg Mason Cash Reserve Trust	MM
Legg Mason Special Investment Trust	ST
Legg Mason Tax-Exempt Trust	MM
Legg Mason Total Return Trust	ST
Legg Mason Value Trust	ST

Distributor	Type of fund
Lepercq-Istel Fund 345 Park Avenue 23rd Floor New York, NY 10154 (212) 702-0174* (local) Exchange privilege: No	
Lepercq-Istel Fund	ST
Lexington Management Corp PO Box 1515 Saddle Brook, NJ 07662 (201) 845-7300* (local) (800) 526-0057 (out of state) Exchange privilege: Yes	
Lexington Corp Leaders Trust Fund	ST
Lexington Global Fund	FO
Lexington GNMA Income Fund	BD
Lexington Goldfund	ST
Lexington Growth Fund	ST
Lexington Research Fund	ST
Lexington Tax-Free Money Fund	MM
Lexington Technical Strategy Fund	ST
Lieber & Co 550 Mamaroneck Avenue Harrison, NY 10528 (914) 698-5711* (local) (800) 235-0064 (out of state) Exchange privilege: Yes	
Evergreen American Retirement	ST
Evergreen Fund	ST
Evergreen Limited Market Fund	ST
Evergreen Total Return Fund	ST
Evergreen Value Timing Fund	ST
Lincoln Investment Planning 218 Glenside Avenue Wyncote, PA 19095-1595 (800) 222-3317 (local) (800) 242-1421 (out of state) Exchange privilege: Yes	
Rightime Fund	ST
Rightime Fund–Blue Chip	ST
Rightime Fund Growth	ST
Lindner Management Corp PO Box 11208 St Louis, MO 63105 (314) 727-5305 (local) Exchange privilege: No	
Lindner Dividend Fund	ST
Lindner Fund	ST

Distributor	Type of fund
Lord Abbett & Co 767 Fifth Avenue 11th Floor New York, NY 10153 (212) 848-1800* (local) (800) 223-4224 (out of state) Exchange privilege: Yes	
Affiliated Fund	ST
Lord Abbett Bond-Debenture Fund	BD
Lord Abbett California Tax-Free Inc	MU
Lord Abbett Developing Growth	ST
Lord Abbett Fundamental Value	ST
Lord Abbett Tax-Free–National	MU
Lord Abbett Tax-Free–New York	MU
Lord Abbett US Government Secs	BD
Lord Abbett Value Appreciation	ST
Lutheran Brotherhood Securities 625 Fourth Avenue South Minneapolis, MN 55419 (800) 752-4208 (local) (800) 328-4552 (out of state) Exchange privilege: Yes	
Lutheran Brotherhood Fund	ST
Lutheran Brotherhood High Yield	BD
Lutheran Brotherhood Income Fund	BD
Lutheran Brotherhood Muni Bond	MU
Mackenzie Investment Management PO Box 5007 Boca Raton, FL 33431 (800) 456-5111 (nationwide) Exchange privilege: Yes	
Mackenzie American Fund	ST
Mackenzie Canada Fund	FO
Mackenzie No Amer Total Return	BA
Madison Investment Advisors 6411 Mineral Point Road Madison, WI 53705 (608) 273-2020* (local) (800) 767-0300 (out of state) Exchange privilege: No	
Bascom Hill Balanced Fund	BA
Bascom Hill Investors	ST
Mairs & Power W-2062 First National Bank Building St Paul, MN 55101 (612) 222-8478 (local) Exchange privilege: No	
Mairs & Power Growth Fund	ST
Mairs & Power Income Fund	ST
Horace Mann Growth Fund One Horace Mann Plaza Springfield, IL 62715 (217) 789-2500 (local) (800) 999-1030 (out of state) Exchange privilege: No	
Horace Mann Growth Fund	ST

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Fund Distributors

Distributor	Type of fund
Massachusetts Financial Services 500 Boylston Street Boston, MA 02116 (617) 954-5000* (local) (800) 225-2606 (out of state) Exchange privilege: Yes	
Mass Capital Development Fund	ST
Mass Cash Management–Prime	MM
Mass Financial Bond Fund	BD
Mass Financial Development Fund	ST
Mass Financial Emerging Growth	ST
Mass Financial High Income–Series I	BD
Mass Financial Intl-Bond	FO
Mass Financial Special Fund	ST
Mass Financial Total Return Trust	BA
Mass Investors Growth Stock Fund	ST
Mass Investors Trust	ST
MFS Government Guaranteed Secs	BD
MFS Government Securities Hi Yld	BD
MFS Lifetime Capital Growth Trust	ST
MFS Lifetime Dividends Plus Trust	ST
MFS Lifetime Emerging Growth	ST
MFS Lifetime Global Equity Trust	FO
MFS Lifetime Government Inc Plus	BD
MFS Lifetime High Income Trust	BD
MFS Lifetime Managed Muni Bond	BD
MFS Lifetime Managed Sectors Trust	ST
MFS Managed California Tax-Exempt	MU
MFS Managed High Yield Muni Bond	MU
MFS Managed M-S Tax-Exempt–Md	MU
MFS Managed M-S Tax-Ex–Mass	MU
MFS Managed M-S Tax-Exempt–NC	MU
MFS Managed M-S Tax-Exempt–SC	MU
MFS Managed M-S Tax-Exempt–Va	MU
MFS Managed M-S Tax-Ex–W Va	MU
MFS Managed Muni Bond Trust	MU
MFS Managed Sectors Trust	ST
Mathers Fund 100 Corporate North Suite 201 Bannockburn, IL 60015 (312) 295-7400* (local) (800) 962-3863 (out of state) Exchange privilege: No	
Mathers Fund	ST
McDonald & Co Securities 2100 Society Building Cleveland, OH 44114 (216) 443-2300 (local) (800) 553-2240 (out of state) Exchange privilege: Yes	
McDonald Tax-Exempt MM	MM
Meeschaert & Co 28 Hill Farm Road St Johnsbury, VT 05819 (802) 748-2400 (local) Exchange privilege: No	
Meeschaert Capital Accumulation	ST
Meeschaert Gold and Currency	ST

Distributor	Type of fund
Meridian Fund 60 East Sir Francis Drake Boulevard Suite 306 Larkspur, CA 94939 (800) 445-5553 (local) (800) 446-6662 (out of state) Exchange privilege: No	
Meridian Fund	ST
Merrill Lynch Funds Boston One Financial Center 15th Floor Boston, MA 02111 (617) 357-1434* (local) (800) 225-1576 (out of state) Exchange privilege: Yes	
Merrill Lynch Government Fund	MM
Merrill Lynch Institutional Fund	MM
Merrill Lynch Funds Distributor PO Box 9011 Princeton, NJ 08543-9011 (609) 282-2800* (local) (800) 637-3863 (out of state) Exchange privilege: Yes	
CBA Money Fund	MM
Merrill Lynch Basic Value Fund-A	ST
Merrill Lynch California Tax-Exempt	MU
Merrill Lynch Capital Fund	ST
Merrill Lynch Corp–High Income	BD
Merrill Lynch Corp–High Quality	BD
Merrill Lynch Corp–Intermediate	BD
Merrill Lynch Equi-Bond I Fund	BA
Merrill Lynch EuroFund-B	FO
Merrill Lynch Federal Securities	BD
Merrill Lynch Fund for Tomorrow-B	ST
Merrill Lynch Global Convertible-B	FO
Merrill Lynch International Holdings	FO
Merrill Lynch Muni–High Yield-A	MU
Merrill Lynch Muni–Insured-A	MU
Merrill Lynch Muni–Ltd Maturity-A	MU
Merrill Lynch Municipal Income	MU
Merrill Lynch Natural Resources	ST
Merrill Lynch NY Muni Bond-B	MU
Merrill Lynch Pacific Fund	FO
Merrill Lynch Phoenix Fund-A	BA
Merrill Lynch Ready Assets Trust	MM
Merrill Lynch Retire Benefit Inv-B	BA
Merrill Lynch Retire Global Bond-B	FO
Merrill Lynch Retire Equity	ST
Merrill Lynch Retire/Income Fund	BD
Merrill Lynch Retire Reserves Money	MM
Merrill Lynch Special Value-A	ST
Merrill Lynch Strat Div-B	ST
Sci/Tech Holdings-A	ST
Summit Cash Reserves Fund	MM
Merrill Lynch, Pierce, Fenner & Smith One Liberty Plaza 165 Broadway New York, NY 10080 (212) 637-5730 (local) Exchange privilege: Yes	
CMA Government Securities Fund	MM
CMA Money Fund	MM
CMA Tax-Exempt Fund	MM

Distributor	Type of fund
Mesirow Investment Services 350 North Clark Street Chicago, IL 60610 (312) 670-6035 (local) (800) 458-5222 (out of state) Exchange privilege: Yes	
Skyline Fund–Balanced	BA
Skyline Fund–Special Equities	ST
MetLife State Street Investment One Financial Center 30th Floor Boston, MA 02111 (617) 348-2000 (local) (800) 882-0052 (out of state) Exchange privilege: Yes	
MetLife-State Street Cap Apprec	ST
MetLife-State Street Equity Income	ST
MetLife-State Street Equity Inv	ST
MetLife-State Street Government Inc	BD
MetLife-State Street High Income	BD
MGF Distributors 700 Dixie Terminal Building Cincinnati, OH 45202 (513) 629-2000 (local) (800) 543-8721 (out of state) Exchange privilege: Yes	
Financial Independence–Growth	ST
Midwest Group Tax-Free–MM	MM
Midwest Group T-T–Ohio MM	MM
Midwest Income–Intermediate Govt	BD
MidAmerica Management 4333 Edgewood Road NE Cedar Rapids, IA 52499 (800) 288-2346 (local) (800) 288-2346 (out of state) Exchange privilege: Yes	
MidAmerica High Growth Fund	ST
MidAmerica Mutual Fund	ST
Midvale Securities Corp 11601 Wilshire Boulevard 24th Floor Los Angeles, CA 90025 (800) 233-6483 (local) (800) 225-9655 (out of state) Exchange privilege: Yes	
RNC Convertible Securities	BA
RNC Income Fund	BA
RNC Regency Fund	ST
RNC Westwind Fund	BA
Mimlic Sales Corp PO Box 64132 St Paul, MN 55101 (612) 228-4833 (local) (800) 443-3677 (out of state) Exchange privilege: Yes	
Mimlic Asset Allocation Fund	BA
Mimlic Investors Fund I	ST

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Distributor	Type of fund
MML Investor Services 1350 Main Street Springfield, MA 01103 (800) 854-9100 (local) (800) 542-6767 (out of state) Exchange privilege: Yes	
MassMutual Integrity–Balanced Fund	BA
MassMutual Integrity–Cap Apprec	ST
MassMutual Integrity–Valued Stock	ST
Morgan Keegan & Co 50 North Front Street Memphis, TN 38103 (901) 524-4100 (local) (800) 238-7127 (out of state) Exchange privilege: No	
Morgan Keegan Southern Capital	ST
Morgan Stanley & Co 1221 Avenue of the Americas 30th Floor New York, NY 10020 (212) 398-2900 (local) (800) 366-7426 (out of state) Exchange privilege: Yes	
Pierpont Capital Appreciation Fund	ST
Pierpont Equity Fund	ST
Pierpont Money Market	MM
Pierpont Tax-Exempt Bond Fund	MU
Pierpont Tax-Exempt Money Market	MM
Morison Asset Management 1201 Marquette Avenue Suite 400 Minneapolis, MN 55403 (612) 332-1588 (local) (800) 325-9244 (out of state) Exchange privilege: No	
Morison Asset Allocation Fund	BA
Murphey Favre West 601 Riverside Avenue Spokane, WA 99201 (509) 353-3400 (local) (800) 543-8072 (out of state) Exchange privilege: Yes	
Composite Bond & Stock Fund	BA
Composite Growth Fund	ST
Composite Income Fund	BD
Composite Northwest 50 Index	ST
Composite Tax-Exempt Bond Fund	MU
Mutual Benefit Financial Services Co 290 Westminster Street Providence, RI 02903 (401) 751-8600* (local) (800) 333-4726 (out of state) Exchange privilege: No	
Mutual Benefit Fund	ST

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WINDSOR FUND	549%	$8 BILLION	NONE	NO

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Please read the prospectus carefully before you invest or send money. Past performance does not guarantee future results. Your return and share price will vary and shares may be worth more or less at redemption than at purchase.

Fund Distributors

Distributor	Type of fund
Mutual of Omaha Fund Management 10235 Regency Circle Omaha, NE 68114 (800) 642-8112 (local) (800) 228-9596 (out of state) Exchange privilege: Yes	
Mutual of Omaha America Fund	BD
Mutual of Omaha Growth Fund	ST
Mutual of Omaha Income Fund	BA
Mutual of Omaha Tax-Free Income	MU
National Financial Data Service PO Box 26070 Kansas City, MO 64196-7070 (816) 283-1700 (local) (800) 225-8011 (out of state) Exchange privilege: Yes	
Neuwirth Fund	ST
Pine Street Fund	ST
Winthrop Focus Funds–Growth	ST
National Securities & Research Corp 2 Pickwick Plaza Greenwich, CT 06830 (203) 863-5600* (local) (800) 223-7757 (out of state) Exchange privilege: Yes	
California Tax-Exempt Bonds	MU
Fairfield Fund	ST
National Bond Fund	BD
National Federal Securities Trust	BD
National Growth Fund	ST
National Real Estate–Stock Fund	ST
National Stock Fund	ST
National Strategic Allocation Fund	BA
National Total Income Fund	BA
National Total Return Fund	BA
Nationwide Financial Services One Nationwide Plaza Columbus, OH 43216 (800) 848-0920 (nationwide) Exchange privilege: Yes	
Nationwide Bond Fund	BD
Nationwide Fund	ST
Nationwide Growth Fund	ST
Neuberger & Berman Management 342 Madison Avenue New York, NY 10173 (212) 850-8300* (local) (800) 877-9700 (out of state) Exchange privilege: Yes	
Neuberger & Berman Guardian Fund	ST
Neuberger & Berman Ltd Mat Bond	BD
Neuberger & Berman Manhattan	ST
Neuberger & Berman Muni Money	MM
Neuberger & Berman Partners Fund	ST
Neuberger & Berman Select Energy	ST

Distributor	Type of fund
New England Securities 399 Boylston Street Boston, MA 02116 (617) 267-6600 (local) (800) 343-7104 (out of state) Exchange privilege: Yes	
Loomis-Sayles Capital Development	ST
Loomis-Sayles Mutual Fund	BA
New England Bond Income Fund	BD
New England Cash Mgmt–MM	MM
New England Equity Income Fund	ST
New England Government Securities	BD
New England Growth Fund	ST
New England Retirement Equity	ST
New England Tax-Exempt Income	MU
New England Tax-Exempt MM	MM
Newton Fund PO Box 1348 Milwaukee, WI 53201 (414) 347-1141 (local) (800) 247-7039 (out of state) Exchange privilege: Yes	
Newton Growth Fund	ST
Nicholas Co 700 North Water Street Milwaukee, WI 53202 (414) 272-6133 (local) Exchange privilege: Yes	
Nicholas Fund	ST
Nicholas II	ST
Nicholas Income Fund	BD
Nicholas Limited Edition	ST
Noddings and Associates Two MidAmerica Plaza Suite 920 Oakbrook Terrace, IL 60181 (312) 954-1322* (local) (800) 544-7785 (out of state) Exchange privilege: No	
Noddings Convertible Strategies	BA
Nomura Capital Management 180 Maiden Lane New York, NY 10038 (212) 208-9300 (local) (800) 833-0018 (out of state) Exchange privilege: No	
Nomura Pacific Basin Fund	FO
Northeast Investors Trust 50 Congress Street Boston, MA 02109 (617) 523-3588 (local) (800) 225-6704 (out of state) Exchange privilege: Yes	
Northeast Investors Growth	ST
Northeast Investors Trust	BD

Distributor	Type of fund
John Nuveen & Co 333 West Wacker Drive Chicago, IL 60606 (312) 917-7844* (local) (800) 621-7227 (out of state) Exchange privilege: Yes	
Nuveen California T-F–Ins Bond	MU
Nuveen California Tax-Free–MM	MM
Nuveen California T-F–Spec Bond	MU
Nuveen Insured Tax-Free Bond–Natl	MU
Nuveen Municipal Bond Fund	MU
Nuveen Tax-Exempt Money Market	MM
Nuveen Tax-Free Bond–Ohio	MU
Nuveen Tax-Free MM–Mass	MM
Nuveen Tax-Free MM–New York	MM
Nuveen Tax-Free Reserves	MM
NYLife Securities 51 Madison Avenue New York, NY 10010 (800) 522-4202 (nationwide) Exchange privilege: Yes	
MacKay-Shields Gold & Prec Met	ST
MacKay-Shields MainStay–Cap App	ST
MacKay-Shields MainStay–Convert	BA
MacKay-Shields MainStay–Global	FO
MacKay-Shields MainStay–Govt +	BD
MacKay-Shields MainStay–H-Y Corp	BD
MacKay-Shields MainStay–T-F Bond	MU
MacKay-Shields MainStay–Value	ST
MacKay-Shields Total Return Fund	ST
Oberweis Emerging Growth 30 North LaSalle Street Chicago, IL 60602 (800) 942-0850 (local) (800) 323-6166 (out of state) Exchange privilege: No	
Oberweis Emerging Growth	ST
Ohio Company 155 East Broad Street Columbus, OH 43215 (614) 464-6852 (local) (800) 848-7734 (out of state) Exchange privilege: Yes	
Cardinal Fund	ST
Cardinal Government Guaranteed	BD
Cardinal Government Securities	MM
Cardinal Tax-Exempt Money Trust	MM
Olympic Trust 800 West Sixth Street Suite 540 Los Angeles, CA 90017 (213) 623-7833 (local) (800) 346-7301 (out of state) Exchange privilege: Yes	
Olympic Trust–Balanced Income	BA
Olympic Trust–Equity Income	ST
Olympic Trust–Small Cap Fund	ST
Oppenheimer Fund Management PO Box 300 Denver, CO 80201 (303) 671-3200 (local) (800) 525-7048 (out of state) Exchange privilege: Yes	
Champion High Yield Fund	ST
Oppenheimer Blue Chip Fund	ST
Oppenheimer Directors Fund	ST
Oppenheimer Equity Income Fund	ST
Oppenheimer Fund	ST
Oppenheimer Global Fund	FO
Oppenheimer Gold & Special Mins	ST

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Distributor	Type of fund
Oppenheimer High Yield Fund	BD
Oppenheimer Money Market Fund	MM
Oppenheimer New York Tax-Exempt	MU
Oppenheimer Ninety Ten Fund	ST
Oppenheimer OTC Fund	ST
Oppenheimer Premium Income	ST
Oppenheimer Regency Fund	ST
Oppenheimer Special Fund	ST
Oppenheimer Target Fund	ST
Oppenheimer Tax-Free Bond Fund	MU
Oppenheimer Time Fund	ST
Oppenheimer Total Return Fund	ST
Oppenheimer US Government Trust	BD
Pacific Financial Research 9601 Wilshire Boulevard Suite 828 Beverly Hills, CA 90210 (213) 278-5033* (local) Exchange privilege: No	
Clipper Fund	ST
PaineWebber 1285 Avenue of the Americas 18th Floor, Mutual Funds Finance Dept New York, NY 10019 (800) 544-9300 (local) Exchange privilege: Yes	
PaineWebber Asset Allocation	ST
PaineWebber Calif Tax-Exempt Inc	MU
PaineWebber Cashfund	MM
PaineWebber Classic Atlas Fund	FO
PaineWebber Classic Growth & Inc	ST
PaineWebber Classic Growth Fund	ST
PaineWebber Fixed Inc–GNMA	BD
PaineWebber Fixed Inc–High Yield	BD
PaineWebber Fixed Inc–Invest Grade	BD
PaineWebber Master Energy-Util	ST
PaineWebber Master Global Income	FO
PaineWebber Master Growth	ST
PaineWebber Master Income	BD
PaineWebber RMA–Money Market	MM
PaineWebber RMA–Tax-Free	MM
PaineWebber Tax-Exempt Income	MU
Pallas Financial Corp 2325 Crestmoor Road Suite P200 Nashville, TN 37215 (615) 298-1000 (800) 251-1970 (out of state) Exchange privilege: Yes	
Monitrend Value Fund	ST
Palm Beach Capital Management 205 Royal Palm Way Palm Beach, FL 33480 (407) 655-7255 (local) (800) 289-2281 (out of state) Exchange privilege: Yes	
ABT Growth & Income Trust	ST
ABT Invest–Emerging Growth	ST
ABT Invest–Security Income	ST
ABT Utility Income Fund	ST
Paribas Asset Management 787 Seventh Avenue 30th Floor New York, NY 10019 (212) 841-3245* (local) Exchange privilege: No	
Paribas Trust–Quantus Equity	ST

Distributor	Type of fund
Parnassus Financial Management 244 California Street San Francisco, CA 94111 (415) 362-3505* (local) (800) 999-3505 (out of state) Exchange privilege: No	
Parnassus Fund	ST
Pasadena Funds 600 North Rosemead Boulevard Pasadena, CA 91107-2101 (818) 351-9286* (local) (800) 882-2855 (out of state) Exchange privilege: Yes	
Pasadena Growth Fund	ST
Pax World Fund 224 State Street Portsmouth, NH 03801 (603) 431-8022 (local) Exchange privilege: No	
Pax World Fund	BA
Penn Square Management 2650 Westview Drive Wyomissing, PA 19610 (800) 222-7506 (local) (800) 523-8440 (out of state) Exchange privilege: Yes	
Penn Square Mutual Fund	ST
Pennsylvania Mutual Fund 1414 Avenue of the Americas New York, NY 10019 (212) 355-7311* (local) (800) 221-4268 (out of state) Exchange privilege: No	
Pennsylvania Mutual Fund	ST
Permanent Portfolio PO Box 5847 Austin, TX 78763 (512) 453-7558 (local) (800) 355-7311 (out of state) Exchange privilege: No	
Permanent Portfolios–Permanent	ST
Phoenix Equity Planning Corp 100 Bright Meadow Boulevard Enfield, CT 06082 (203) 278-8050* (local) (800) 243-4361 (out of state) Exchange privilege: Yes	
Phoenix Balanced Fund	BA
Phoenix Convertible Fund	BA
Phoenix Growth Fund	ST
Phoenix High Yield Fund	BD
Phoenix Stock Fund	ST
Phoenix Total Return	ST
Pilgrim Group 10100 Santa Monica Boulevard 21st Floor Los Angeles, CA 90067 (213) 551-1833 (local) (800) 334-3444 (out of state) Exchange privilege: Yes	
Pilgrim GNMA Fund	BD
Pilgrim High Yield Trust	BD
Pilgrim MagnaCap Fund	ST
Pilgrim Preferred Fund	BD

Distributor	Type of fund
Pioneer Group 60 State Street Boston, MA 02109 (617) 742-7825* (local) (800) 225-6292 (out of state) Exchange privilege: Yes	
Pioneer Bond Fund	BD
Pioneer Fund	ST
Pioneer II	ST
Pioneer Three	ST
Piper Capital Management Piper Jaffray Tower 222 South 9th Street Minneapolis, MN 55402 (612) 342-6384 (local) (800) 333-6000 (out of state) Exchange privilege: Yes	
Piper Jaffray Balanced Fund	BA
Piper Jaffray Money Market	MM
Piper Jaffray Sector Performance	ST
Piper Jaffray Value Fund	ST
Prescott, Ball & Turben 230 West Monroe Street Suite 2800 Chicago, IL 60606 (312) 641-7862 (local) (800) 553-5533 (out of state) Exchange privilege: Yes	
Selected American Shares	ST
Selected Special Shares	ST
T Rowe Price Associates 100 East Pratt Street Baltimore, MD 21202 (301) 547-2308* (local) (800) 638-5660 (out of state) Exchange privilege: Yes	
T Rowe Price Calif T-F Inc–Bond	MU
T Rowe Price Calif T-F Inc–Money	MM
T Rowe Price Capital Appreciation	ST
T Rowe Price Equity Income Fund	ST
T Rowe Price GNMA Fund	BD
T Rowe Price Growth & Income	ST
T Rowe Price Growth Stock Fund	ST
T Rowe Price High Yield Fund	BD
T Rowe Price International Bond	FO
T Rowe Price International Stock	FO
T Rowe Price Maryland T-F Bond	MU
T Rowe Price New America Growth	ST
T Rowe Price New Era Fund	ST
T Rowe Price New Horizons Fund	ST
T Rowe Price New Income Fund	BD
T Rowe Price New York T-F Bond	MU
T Rowe Price New York T-F Money	MM
T Rowe Price Prime Reserve Fund	MM
T Rowe Price Science & Technology	ST
T Rowe Price Short-Term Bond Fund	BD
T Rowe Price Small-Cap Value Fund	ST
T Rowe Price Tax-Exempt Money	MM
T Rowe Price Tax-Free High Yield	MU
T Rowe Price Tax-Free Income Fund	MU
T Rowe Price T-F Short Intermed	MU
Primary Trend Fund First Financial Centre-4th Floor 700 North Water Street Milwaukee, WI 53202 (800) 443-6544 (nationwide) Exchange privilege: Yes	
Primary Trend Fund	ST

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Fund Distributors

Distributor	Type of fund
Princor Financial Services Corp 711 High Street Des Moines, IA 50392 (515) 247-5711 (local) (800) 247-4123 (out of state) Exchange privilege: Yes	
Princor Aggressive Growth Fund	ST
Princor Capital Accumulation Fund	ST
Princor Growth Fund	ST
Princor Managed Fund	ST
Princor World Fund	FO
Prudent Speculator Group 4023 West Sixth Street Los Angeles, CA 90020 (213) 252-9000* (local) (800) 444-4778 (out of state) Exchange privilege: Yes	
Prudent Speculator Leveraged Fund	ST
Prudential-Bache One Seaport Plaza Mutual Funds-18th Floor New York, NY 10292 (800) 225-1852 (nationwide) Exchange privilege: Yes	
Pru-Bache Bond–Insured	MU
Pru-Bache California Municipal	MU
Pru-Bache Equity Fund	ST
Pru-Bache Equity Income	ST
Pru-Bache FlexiFund–Aggressive	ST
Pru-Bache FlexiFund–Conservative	ST
Pru-Bache Global Fund	FO
Pru-Bache Global Genesis	FO
Pru-Bache Global Natural Resources	FO
Pru-Bache GNMA Fund	BD
Pru-Bache Government Plus	BD
Pru-Bache Government Plus II	BD
Pru-Bache Govt Secs–Intermediate	BD
Pru-Bache Govt Secs–Money Market	MM
Pru-Bache Growth Opportunity	ST
Pru-Bache High Yield Fund	BD
Pru-Bache IncomeVertible Plus	BA
Pru-Bache Moneymart Assets	MM
Pru-Bache Muni–Arizona	MU
Pru-Bache Muni–Georgia	MU
Pru-Bache Muni–High Yield	MU
Pru-Bache Muni–Maryland	MU
Pru-Bache Muni–Massachusetts	MU
Pru-Bache Muni–Michigan	MU
Pru-Bache Muni–New Jersey	MU
Pru-Bache Muni–New York	MU
Pru-Bache Muni–New York MM	MM
Pru-Bache Muni–North Carolina	MU
Pru-Bache Muni–Ohio	MU
Pru-Bache Muni–Pennsylvania	MU
Pru-Bache National Municipals	MU
Pru-Bache Option Growth Fund	ST
Pru-Bache Research Fund	ST
Pru-Bache Tax-Free Money Fund	MM
Pru-Bache Utility Fund	ST
Putnam Financial Services One Post Office Square 12th Floor Boston, MA 02109 (617) 292-1000 (local) (800) 225-1581 (out of state) Exchange privilege: Yes	
Depositors Invest–Capital Growth	ST
Putnam California Tax-Exempt Inc	MU
Putnam California Tax-Exempt MM	MM
Putnam Convertible Income-Growth	BA
Putnam Daily Dividend Trust	MM
Putnam Energy-Resources Trust	ST
Putnam Fund for Growth & Income	ST
George Putnam Fund of Boston	BA
Putnam Global Governmental Trust	FO

Distributor	Type of fund
Putnam GNMA Plus Trust	BD
Putnam Health Sciences Trust	ST
Putnam High Income Government	BD
Putnam High Yield Trust	BD
Putnam High Yield Trust II	BD
Putnam Income Fund	BD
Putnam Information Sciences Trust	ST
Putnam International Equities Fund	FO
Putnam Investors Fund	ST
Putnam Massachusetts Tax-Ex Inc	MU
Putnam Michigan Tax-Exempt Inc	MU
Putnam Minnesota Tax-Exempt Inc	MU
Putnam New York Tax-Exempt Inc	MU
Putnam New York Tax-Exempt MM	MM
Putnam Ohio Tax-Exempt Income	MU
Putnam Option Income Trust	ST
Putnam Option Income Trust II	ST
Putnam OTC Emerging Growth Fund	ST
Putnam Tax-Exempt Income Fund	MU
Putnam Tax-Exempt Money Market	MM
Putnam Tax-Free Income–High Yield	MU
Putnam Tax-Free Income–Insured	MU
Putnam US Govt Guaranteed Secs	BD
Putnam Vista Basic Value	ST
Putnam Voyager Fund	ST
Quest Distributors 1414 Avenue of the Americas New York, NY 10019 (212) 355-7311* (local) (800) 221-4268 (out of state) Exchange privilege: Yes	
Royce Fund–Total Return	BA
Royce Fund–Value	ST
Quest for Value 200 Liberty Street World Financial Center New York, NY 10281 (212) 667-7587 (local) (800) 232-3863 (out of state) Exchange privilege: Yes	
Quest for Value Cash Management	MM
Quest for Value Fund	ST
James B Rea 10966 Chalon Road Los Angeles, CA 90077 (213) 208-2282* (local) (800) 433-1998 (out of state) Exchange privilege: No	
Rea-Graham Fund	BA
Reich & Tang LP 100 Park Avenue 28th Floor New York, NY 10017 (212) 370-1240* (local) (800) 221-3079 (out of state) Exchange privilege: Yes	
California Daily Tax-Free Income	MM
Connecticut Daily Tax-Free Income	MM
Daily Income Fund	MM
Daily Tax-Free Income Fund	MM
Empire Tax-Free Money Market	MM
Michigan Daily Tax-Free Income	MM
Reich & Tang Equity Fund	ST
Short-Term Income–Money Market	MM
Sound Shore Fund	ST

Distributor	Type of fund
Resrv Partners 810 Seventh Avenue 35th Floor New York, NY 10019 (800) 633-7890* (local) (800) 223-5547 (out of state) Exchange privilege: Yes	
Reserve Equity–Contrarian	ST
Reserve Fund–Government	MM
Reserve Fund–Primary	MM
Reserve New York Tax-Exempt–NY	MM
Reserve Tax-Exempt–Connecticut	MM
Reserve Tax-Exempt–Interstate	MM
Review Management Corp PO Box 1537 Suite 228 Fort Washington, PA 19034-1537 (215) 643-2510* (local) (800) 523-2578 (out of state) Exchange privilege: Yes	
Over-the-Counter Securities Fund	ST
Rochester Fund Distributors 379 Park Avenue Rochester, NY 14607 (716) 442-5500* (local) Exchange privilege: Yes	
Rochester Convertible–Growth	BA
Rochester Convertible–Income	BA
Rochester Tax Managed Fund	ST
Ruane, Cunniff & Co 1370 Avenue of the Americas New York, NY 10019 (212) 245-4500 (local) Exchange privilege: No	
Sequoia Fund	ST
Rushmore Group 4922 Fairmont Avenue Bethesda, MD 20814 (301) 657-1500* (local) (800) 343-3355 (out of state) Exchange privilege: Yes	
Fund for Govt Investors	MM
Fund for Tax-Free Inv–Money Market	MM
Rushmore–OTC Index Plus	ST
Rushmore–Stock Market Index Plus	ST
Safeco Securities PO Box 34890 Seattle, WA 98124 (206) 545-5530 (local) (800) 426-6730 (out of state) Exchange privilege: Yes	
Safeco California Tax-Free Income	MU
Safeco Equity Fund	ST
Safeco Growth Fund	ST
Safeco Income Fund	ST
Safeco Municipal Bond Fund	MU
Safeco Tax-Free Money Market	MM
SBSF Funds 45 Rockefeller Plaza New York, NY 10111 (212) 903-1200 (local) (800) 422-7273 (out of state) Exchange privilege: Yes	
SBSF–Growth Fund	ST

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Distributor	Type of fund
Schield Portfolios Series 390 Union Boulevard Suite 410 Denver, CO 80228 (800) 233-4971 (local) (800) 826-8154 (out of state) Exchange privilege: Yes	
Schield–Aggressive Growth	ST
Schield–Value	ST
Scudder Fund Distributors 160 Federal Street Boston, MA 02110 (800) 225-2470 (local) Exchange privilege: Yes	
AARP Growth Trust–Capital Growth	ST
AARP Growth–Growth & Income	ST
AARP Income Trust–General Bond	BD
AARP Income–GNMA & US Treas	BD
AARP Insured T-F Inc–Genl Bond	MU
Japan Fund	FO
Scudder California Tax Free Fund	MU
Scudder California Tax-Free Money	MM
Scudder Cash Investment Trust	MM
Scudder Development Fund	ST
Scudder Equity–Capital Growth	ST
Scudder Equity–Equity Income	ST
Scudder Fund–Lazard Equity	ST
Scudder Fund–Managed Tax-Free	MM
Scudder GLBL–Global Fund	FO
Scudder GNMA Fund	BD
Scudder Growth & Income Fund	ST
Scudder High Yield Tax Free Fund	MU
Scudder Income Fund	BD
Scudder International Fund	FO
Scudder Managed Municipal Bonds	MU
Scudder Massachusetts Tax Free	MU
Scudder NY Tax Free Fund	MU
Scudder NY Tax-Free Money Fund	MM
Scudder Tax-Free Money Fund	MM
Securities Management & Research Two Moody Plaza Galveston, TX 77550 (800) 392-9753 (local) (800) 231-4639 (out of state) Exchange privilege: Yes	
American National Growth Fund	ST
American National Income Fund	ST
Triflex Fund	BA
Security Distributors 700 Harrison Street Topeka, KS 66636 (800) 888-2461 (nationwide) Exchange privilege: Yes	
Security Action Fund	ST
Security Equity Fund	ST
Security Income–Corporate Bond	BD
Security Investment Fund	ST
Security Omni Fund	ST
Security Ultra Fund	ST
Seligman Marketing One Bankers Trust Plaza New York, NY 10006 (800) 522-6869 (local) (800) 221-2450 (out of state) Exchange privilege: Yes	
Seligman Calif Tax-Exempt–High Yld	MU
Seligman Calif Tax-Exempt–Quality	MU
Seligman Capital Fund	ST
Seligman Common Stock Fund	ST
Seligman Commun & Inform	ST

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[1]These transaction fees will reduce your yield, depending on the number you make. Special Yield Opportunity: Beginning July 1, 1989, the fund's adviser is temporarily paying for a portion of the fund's expenses, which increases its yield. This expense limitation may be terminated or revised at any time, at which time expenses will go up and the yield will go down. Yields will vary.

Fund Distributors

Distributor	Type of fund
Seligman Growth Fund	ST
Seligman Income Fund	BA
Seligman New Jersey Tax-Exempt	MU
Seligman Penn Tax-Exempt–Quality	MU
Seligman Tax-Exempt–Colorado	MU
Seligman Tax-Exempt–Louisiana	MU
Seligman Tax-Exempt–Maryland	MU
Seligman Tax-Exempt–Mass	MU
Seligman Tax-Exempt–Michigan	MU
Seligman Tax-Exempt–Minnesota	MU
Seligman Tax-Exempt–Missouri	MU
Seligman Tax-Exempt–National	MU
Seligman Tax-Exempt–New York	MU
Seligman Tax-Exempt–Ohio	MU
Seligman Tax-Exempt–Oregon	MU
Seligman Tax-Exempt–SC	MU
Sentry Equity Services 1800 North Point Drive A3/32 Stevens Point, WI 54481 (800) 533-7827 (nationwide) Exchange privilege: No	
Sentry Fund	ST
Shearson Lehman Hutton One Western Union Plaza 15th Floor New York, NY 10004 (212) 528-2744 (local) Exchange privilege: Yes	
American Telecom–Growth	ST
Lehman Capital Fund	ST
Lehman Investors Fund	ST
Lehman Opportunity Fund	ST
SLH Aggressive Growth Fund	ST
SLH Appreciation Fund	ST
SLH California Daily Tax-Free	MM
SLH California Municipals Fund	MU
SLH Convertible Securities Fund	BA
SLH Daily Dividend	MM
SLH Daily Tax-Free Dividend	MM
SLH Equity–Growth & Opportunity	ST
SLH Equity–International	FO
SLH Equity–Sector Analysis	ST
SLH Equity–Strategic Investors	ST
SLH Fundamental Value Fund	ST
SLH Global Opportunities	FO
SLH Government & Agencies	MM
SLH High Yield Fund	BD
SLH Income–Convertible Secs	BA
SLH Income–Global Bond	FO
SLH Income–High Income	BD
SLH Income–Option Income	ST
SLH Income–Tax-Exempt	MU
SLH Income–Utilities	BA
SLH Investment–Basic Value	ST
SLH Investment–Global Equity	FO
SLH Investment–Government Secs	BD
SLH Investment–Growth	ST
SLH Investment–High Grade	BD
SLH Investment–Prec Metals	ST
SLH Investment–Spec Equities	ST
SLH Managed Government	BD
SLH Managed Municipals	MU
SLH Multi Opportunities LP	ST
SLH NJ Municipals	MU
SLH NY Daily Tax-Free	MM
SLH New York Municipals	MU
SLH Precious Metals & Mins	FO
SLH Small Capitalization	ST

Distributor	Type of fund
Sheffield Investments 41 Madison Avenue New York, NY 10010 (212) 779-7979* (local) (800) 922-7771 (out of state) Exchange privilege: No	
Blanchard Precious Metals Fund	ST
Blanchard Strategic Growth	ST
Sherman, Dean Fund 6061 NW Expressway Suite 465 San Antonio, TX 78201 (512) 735-7700 (local) (800) 247-6375 (out of state) Exchange privilege: No	
Sherman, Dean Fund	ST
Sigma Investor Services Greenville Center C-200 3801 Kennett Pike Wilmington, DE 19807 (302) 652-3091* (local) (800) 441-9490 (out of state) Exchange privilege: Yes	
ISI Growth Fund	ST
ISI Trust Fund	ST
Sigma Capital Shares	ST
Sigma Income Shares	BD
Sigma Investment Shares	ST
Sigma Pennsylvania Tax Free Trust	MU
Sigma Special Fund	ST
Sigma Trust Shares	BA
Sigma Value Shares	ST
Sigma Venture Shares	ST
Sigma World Fund	FO
Sit Investment Associates 90 South 7th Street Minneapolis, MN 55402 (612) 332-3223 (local) (800) 332-5580 (out of state) Exchange privilege: Yes	
Sit New Beginning Growth Fund	ST
Sit New Beginning Income & Growth	ST
Smith Barney, Harris Upham & Co 1345 Avenue of the Americas New York, NY 10105 (212) 698-5349 (local) (800) 544-7835 (out of state) Exchange privilege: Yes	
Muni Bond Funds–California	MU
Muni Bond Funds–National	MU
National Liquid Reserves–Cash	MM
National Liquid Reserves–Retire	MM
Smith Barney Equity Fund	ST
Smith Barney–Income & Growth	ST
Smith Barney–US Government	BD
Tax-Free Money Fund	MM
Vantage Money Market–Cash	MM
Sogen Securities Corp 50 Rockefeller Plaza New York, NY 10111 (212) 832-6363 (local) (800) 334-2143 (out of state) Exchange privilege: No	
SoGen International Fund	ST

Distributor	Type of fund
Southeastern Asset Management 860 Ridgelake Boulevard Suite 301 Memphis, TN 38119 (901) 761-2474* (local) (800) 445-9469 (out of state) Exchange privilege: No	
Southeastern Asset Mgmt Value	ST
Sovereign Advisers 985 Old Eagle School Road Suite 515A Wayne, PA 19087 (215) 254-0703* (local) Exchange privilege: No	
Sovereign Investors	ST
State Bond Sales Corp 8500 Normandale Lake Boulevard Minneapolis, MN 55437 (507) 354-2144* (local) (800) 328-4735 (out of state) Exchange privilege: Yes	
State Bond Common Stock Fund	ST
State Bond Diversified Fund	ST
State Bond Progress Fund	ST
State Street Research & Management One Financial Center Boston, MA 02111 (617) 482-3920* (local) Exchange privilege: Yes	
State Street Investment Trust	ST
Steadman Security Corp 1730 K Street NW Suite 904 Washington, DC 20006 (202) 223-1000 (local) (800) 424-8570 (out of state) Exchange privilege: Yes	
Steadman American Industry Fund	ST
Steadman Associated Fund	ST
Steadman Investment Fund	ST
Steadman Oceanographic Tech & Gr	ST
Stein Roe & Farnham PO Box 1131 Chicago, IL 60690 (800) 338-2550 (nationwide) Exchange privilege: Yes	
SteinRoe–Capital Opportunities	ST
SteinRoe–Growth & Income	ST
SteinRoe–High Yield Bonds	BD
SteinRoe–High Yield Municipals	MU
SteinRoe Income–Cash Reserves	MM
SteinRoe–International Growth	FO
SteinRoe–Managed Bonds	BD
SteinRoe–Managed Municipals	MU
SteinRoe–Prime Equities	ST
SteinRoe–Special Fund	ST
SteinRoe–Stock Fund	ST
SteinRoe Tax-Exempt Income–Money	MM
SteinRoe–Total Return Fund	BA
Stonebridge Capital 1801 Century Park East Suite 1800 Los Angeles, CA 90067 (213) 277-1450 (local) Exchange privilege: No	
National Industries Fund	ST

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Distributor	Type of fund
Strategic Distributors 2030 Royal Lane Dallas, TX 75229 (214) 484-1326* (local) (800) 527-5027 (out of state) Exchange privilege: Yes	
Strategic Gold/Minerals Fund	ST
Strategic Investments Fund	ST
Strategic Silver Fund	ST
Stratton Management 610 West Germantown Pike Suite 361 Plymouth Meeting, PA 19462 (215) 941-0255* (local) (800) 634-5726 (out of state) Exchange privilege: Yes	
Stratton Growth Fund	ST
Stratton Monthly Dividend Shares	ST
Strong/Corneliuson Capital Management PO Box 2936 Milwaukee, WI 53201-2936 (414) 359-1400* (local) (800) 368-3863 (out of state) Exchange privilege: Yes	
Strong Discovery Fund	ST
Strong Income Fund	BD
Strong Investment Fund	BA
Strong Money Market Fund	MM
Strong Tax-Free Money Market Fund	MM
Strong Opportunity Fund	ST
Strong Total Return Fund	BA
Templeton Funds Distributors 700 Central Avenue St Petersburg, FL 33701-3628 (813) 823-8712 (local) (800) 237-0738 (out of state) Exchange privilege: Yes	
Templeton Foreign Fund	FO
Templeton Global I	FO
Templeton Growth Fund	FO
Templeton Income Fund	BA
Templeton World Fund	ST
Thompson, Unger & Plumb PO Box 55320 Madison, WI 53705 (608) 231-1676* (local) Exchange privilege: No	
Thompson, Unger & Plumb Fund	BA
Thomson McKinnon Asset Management One State Street Plaza New York, NY 10004 (212) 482-5894 (local) (800) 628-1237 (out of state) Exchange privilege: Yes	
Cash Accumulation–National MM	MM
Cash Accumulation–National Tax-Ex	MM
Thomson McKinnon–Global	FO
Thomson McKinnon–Growth	ST
Thomson McKinnon–Income	BD
Thomson McKinnon–Oppor	ST
Thomson McKinnon–US Govt	BD
Thornburg Securities 119 East Marcy Street Suite 202 Santa Fe, NM 87501 (505) 984-0200 (local) (800) 847-0200 (out of state) Exchange privilege: Yes	
Limited Term Municipal–National	MU

Distributor	Type of fund
Transamerica 1000 Louisiana Suite 6000 Houston, TX 77002-5098 (800) 999-3863 (local) (800) 231-4645 (out of state) Exchange privilege: Yes	
Lowry Market Timing Fund	ST
Transamerica Bond–US Govt Hi Yld	BD
Transamerica Growth & Income	BA
Transamerica Inv Quality Bond	BD
Transamerica Special Blue Chip Fund	ST
Transamerica Special Convert Secs	BA
Transamerica Special Emerging Grow	ST
Transamerica Special Global Growth	FO
Transamerica Sunbelt Growth Fund	ST
Transamerica Technology Fund	ST
Trinity Capital Management 183 East Main Street Suite 1135 Rochester, NY 14604 (716) 262-4080 (local) (800) 456-7780 (out of state) Exchange privilege: No	
Trinity Liquid Assets Trust	MM
Trusteed Funds One Winthrop Square Boston, MA 02110 (800) 462-1199 (local) (800) 343-2902 (out of state) Exchange privilege: Yes	
Commonwealth Indenture A & B	ST
Commonwealth Indenture C	ST
GPM Fund	BA
Twentieth Century Investors 4500 Main Street Kansas City, MO 64111 (816) 531-5575 (local) (800) 345-2021 (out of state) Exchange privilege: Yes	
20th Century Cash Reserve	MM
20th Century Giftrust Investors	ST
20th Century Growth Investors	ST
20th Century Heritage Investors	ST
20th Century Select Investors	ST
20th Century Ultra Investors	ST
20th Century US Governments	BD
20th Century Vista Investors	ST
Unified Management Corp PO Box 6110 Indianapolis, IN 46206-6110 (317) 634-3300 (local) (800) 862-7283 (out of state) Exchange privilege: Yes	
Unified Growth Fund	ST
Unified Income Fund	BA
Unified Mutual Shares	ST
United Services Advisors PO Box 29467 San Antonio, TX 78229-0467 (512) 696-1234* (local) (800) 873-8637 (out of state) Exchange privilege: Yes	
United Services–Gold Shares Fund	FO
United Services–Good & Bad	ST
United Services–Growth Fund	ST
United Services–Income Fund	ST
United Services–New Prospector	FO
United Services–Prospector Fund	FO

Distributor	Type of fund
US Boston Investment 6 New England Executive Park Burlington, MA 01803 (617) 272-6420 (local) Exchange privilege: Yes	
US Boston Inv–Growth & Income	ST
US Boston Inv–Foreign G&I	FO
USAA Investment Management Co PO Box 33338 Mutual Fund Accounting San Antonio, TX 78265 (512) 498-8000 (local) (800) 531-8000 (out of state) Exchange privilege: Yes	
USAA Investment–Cornerstone Fund	ST
USAA Investment–Gold Fund	ST
USAA Mutual–Aggressive Growth	ST
USAA Mutual–Growth Fund	ST
USAA Mutual–Income Fund	BD
USAA Mutual–Income Stock Fund	ST
USAA Mutual–Money Market	MM
USAA Tax-Exempt Fund–High Yield	MU
USAA Tax-Exempt–Intermediate	MU
USAA Tax-Exempt Fund–MM	MM
USAA Tax-Exempt Fund–Short-Term	MU
UST Securities 555 South Flower Street Suite 2710 Los Angeles, CA 90071 (213) 488-0666 (local) (800) 233-1136 (out of state) Exchange privilege: Yes	
UST Master Funds–Equity	ST
UST Master Funds–Income & Grow	ST
UST Master Funds–International	FO
UST Master Tax-Exempt–Short-Term	MM
Valley Forge Fund PO Box 262 Valley Forge, PA 19481 (215) 688-6839 (local) (800) 548-1942 (out of state) Exchange privilege: Yes	
Valley Forge Fund	ST
Value Line Securities 711 Third Avenue New York, NY 10017 (800) 223-0818 (local) Exchange privilege: Yes	
Value Line Cash Fund	MM
Value Line Convertible Fund	ST
Value Line Fund	ST
Value Line Income Fund	ST
Value Line Leveraged Growth Inv	ST
Value Line New York Tax-Exempt	MU
Value Line Special Situations Fund	ST
Value Line Tax-Exempt–High Yield	MU
Value Line Tax-Exempt–MM	MM
Value Line US Government Secs	BD
Van Eck Securities Corp 122 East 42nd Street 42nd Floor New York, NY 10168 (212) 687-5200* (local) (800) 221-2220 (out of state) Exchange privilege: Yes	
Van Eck Gold/Resources Fund	ST
Van Eck International Investors	FO
Van Eck World Trends Fund	FO

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Fund Distributors

Distributor	Type of fund
Van Kampen Merritt 1001 Warrenville Road Lisle, IL 60532 (312) 719-6000 (local) (800) 225-2222 (out of state) Exchange privilege: Yes	
Van Kampen Merritt Cal Ins Tax-Free	MU
Van Kampen Merritt Growth & Inc	ST
Van Kampen Merritt High Yield	BD
Van Kampen Merritt Insured T-F	MU
Van Kampen Merritt Penn T-F Inc	MU
Van Kampen Merritt T-F Hi Inc	MU
Van Kampen Merritt T-F Money	MM
Van Kampen Merritt US Government	BD
Vanguard Group of Investment Cos PO Box 2600 MS 136 Valley Forge, PA 19482 (215) 648-6000 (local) (800) 662-7447 (out of state) Exchange privilege: Yes	
Vanguard California T-F–Ins L-T	MU
Vanguard California Tax-Free–MM	MM
Vanguard Convertible Securities	BA
Vanguard Equity Income Fund	BA
Vanguard Explorer Fund	ST
Vanguard Explorer II	ST
Vanguard Fixed Income–GNMA	BD
Vanguard Fixed Income–High Yield	BD
Vanguard Fixed Income–Invest Grade	BD
Vanguard Fixed Income–Short-Term	BD
Vanguard Fixed Income–US Govt S-T	BD
Vanguard Fixed Income–US Treasury	BD
Vanguard High Yield Stock	ST
Vanguard Index–500 Portfolio	ST
Vanguard Index–Extended Market	ST
Vanguard MM Reserves–Federal	MM
Vanguard MM Reserves–Prime	MM
Vanguard WL Morgan Growth Fund	ST
Vanguard Muni Bond–High Yield	MU
Vanguard Muni Bond–Insured L-T	MU
Vanguard Muni Bond–Intermediate	MU
Vanguard Muni Bond–Limited Term	MU
Vanguard Muni Bond–Long-Term	MU
Vanguard Muni Bond–Money Market	MM
Vanguard Muni Bond–Short-Term	MU
Vanguard Naess & Thomas Special	ST
Vanguard NJ Tax Free–Insured	MU
Vanguard NJ Tax-Free–MM	MM
Vanguard New York Insured T-F	MU
Vanguard Penn Tax-Free–Insured L-T	MU
Vanguard Preferred Stock Fund	BD
Vanguard Primecap Fund	ST
Vanguard Quantitative Portfolios	ST
Vanguard Special–Energy	ST
Vanguard Spec–Gold & Prec	FO
Vanguard Special–Health Care	ST
Vanguard Special–Service Economy	ST
Vanguard Special–Technology	ST
Vanguard STAR Fund	BA
Vanguard Trustees Comm–Intl	FO
Vanguard Trustees Commingled–US	ST
Vanguard Wellesley Income Fund	BA
Vanguard Wellington Fund	BA
Vanguard Windsor Fund	ST
Vanguard Windsor II	ST
Vanguard World–International Grow	FO
Vanguard World–US Growth	ST

Distributor	Type of fund
Variable Stock Fund One Monarch Place 12th Floor Springfield, MA 01144 (413) 781-3000 (local) (800) 343-2902 (out of state) Exchange privilege: No	
Variable Stock Fund	ST
Venture Advisers PO Box 1688 Santa Fe, NM 87504-1688 (505) 983-4335 (local) (800) 545-2098 (out of state) Exchange privilege: Yes	
New York Venture Fund	ST
RPF of America–Equity Fund	ST
Venture Income (+) Plus	BD
Voyageur Asset Management 100 South Fifth Street Suite 2200 Minneapolis, MN 55402 (800) 247-1576 (local) (800) 553-2143 (out of state) Exchange privilege: Yes	
Double Exempt Flex Fund	MU
Waddell & Reed 2400 Pershing Road PO Box 418343 Kansas City, MO 64141-9343 (816) 283-4122 (local) (800) 366-5465 (out of state) Exchange privilege: Yes	
United Accumulative Fund	ST
United Bond Fund	BD
United Continental Income Fund	BA
United Gold & Government Fund	FO
United Government Securities	BD
United High Income Fund	BD
United High Income Fund II	BD
United Income Fund	ST
United International Growth	FO
United Municipal Bond Fund	MU
United Municipal High Income	MU
United New Concepts Fund	ST
United Retirement Shares	BA
United Science & Energy Fund	ST
United Vanguard Fund	ST
Wall Street Management Corp 642 Lexington Avenue 21st Floor New York, NY 10022 (212) 319-9400* (local) Exchange privilege: No	
Wall Street Fund	ST
Washington Funds Distributors 1101 Vermont Avenue NW Washington, DC 20005 (202) 842-5300 (local) (800) 972-9274 (out of state) Exchange privilege: Yes	
Growth Fund of Washington	ST
Wealth Monitors Fund 1001 East 101st Terrace Suite 220 Kansas City, MO 64131 (816) 941-7790* (local) Exchange privilege: No	
Wealth Monitors Fund	ST

Distributor	Type of fund
Weiss, Peck & Greer One New York Plaza New York, NY 10004 (212) 908-9582* (local) (800) 223-3332 (out of state) Exchange privilege: Yes	
Tudor Fund	ST
WPG Dividend Income Fund	ST
WPG Fund	ST
WPG Growth Fund	ST
WPG Tax-Free Money Market Fund	MM
Weitz Value Fund 9290 West Dodge Road Suite 405 Omaha, NE 68114-3323 (402) 391-1980* (local) Exchange privilege: Yes	
Weitz Value Fund	ST
Westchester Capital Management 11 High Meadows Mount Kisco, NY 10549 (914) 241-3360* (local) Exchange privilege: Yes	
The Merger Fund	ST
Wheat First Securities PO Box 1357 Richmond, VA 23211 (804) 649-2311 (local) (800) 999-4328 (out of state) Exchange privilege: No	
Southeastern Growth Fund	ST
Wood Logan 1455 East Putnam Avenue Old Greenwich, CT 06870 (800) 334-4437 (local) Exchange privilege: Yes	
Hidden Strength–Conserve Asset	ST
Hidden Strength–Growth	ST
Hidden Strength–Mod Asset	BA
BC Ziegler & Co 215 North Main Street West Bend, WI 53095 (414) 334-5521 (local) (800) 826-4600 (out of state) Exchange privilege: Yes	
Principal Preservation–Div Achievers	ST
Principal Preservation–S&P 100 Plus	ST

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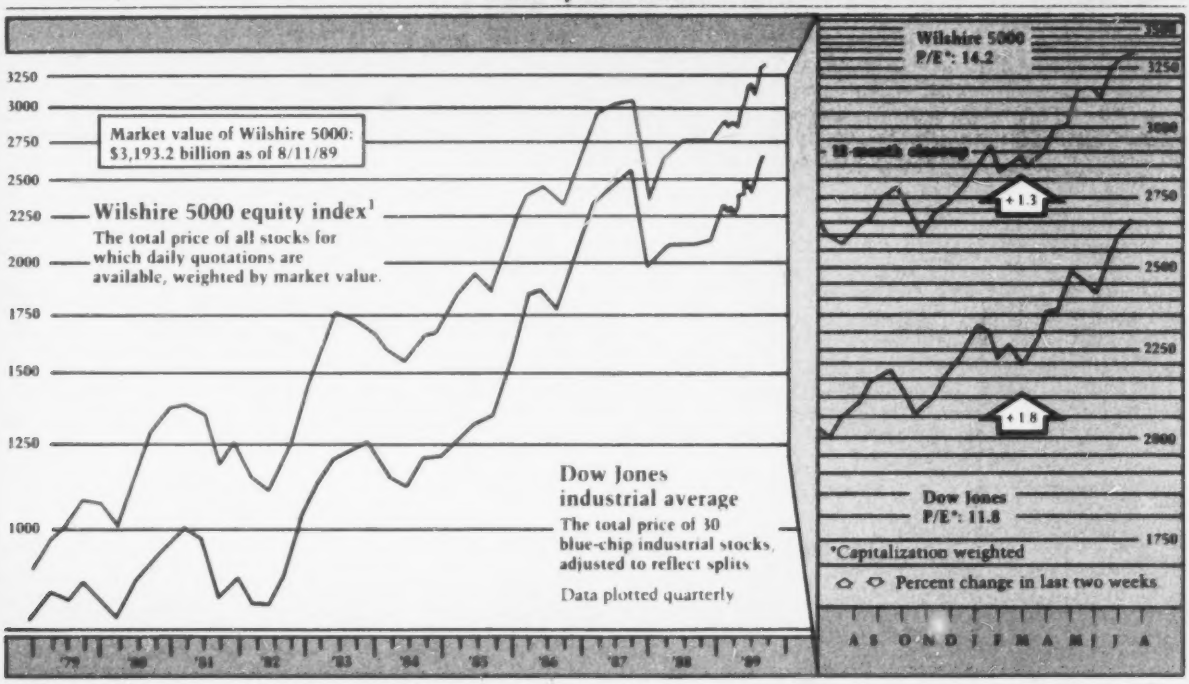
The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Return of the summer of 1987. In the last two weeks a smooth Treasury refunding and takeover activity propelled the market to record territory. On Aug. 7 and 8, the total market value of the Wilshire index' nearly 6,000 stocks crossed the $3.4 trillion mark before falling back slightly. Pleasant earnings news from Procter & Gamble and Woolworth helped the Dow industrials gain nearly 1%. The Dow ended the last ten trading days at 2684, only 38 points shy of its August 1987 peak. Seven years ago, at the start of the bull market in August 1982, the Dow traded 2,000 points below its current level.

The Dow is now trading at about 12 times latest 12-month earnings; the multiple for the Wilshire index is 14. At the height of the market two years ago both indexes sold for more than 20 times earnings, and analysts were fueling the market with bullish estimates for the year. This time analysts are scaling back their fiscal year projections *(see next page)*.

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	3.9	3.9	5.1	3.9	3.4	3.0
in last 52 weeks	29.3	28.5	31.7	29.4	28.4	22.0

Stock performance based on six key investor variables[3]

Percent change	Company size		Volatility[4]		P/E multiple		Dividend yield		Growth profile[5]		Share price	
	large	small	high	low	over 22	under 8	over 4.2%	none	high	low	over $36	under $5
in last 4 weeks	4.7	1.7	2.3	2.9	2.5	4.2	2.2	1.8	2.7	2.4	4.6	0.4
in last 52 weeks	33.3	27.6	18.6	18.6	31.7	20.4	10.6	25.5	22.6	22.1	34.2	19.0

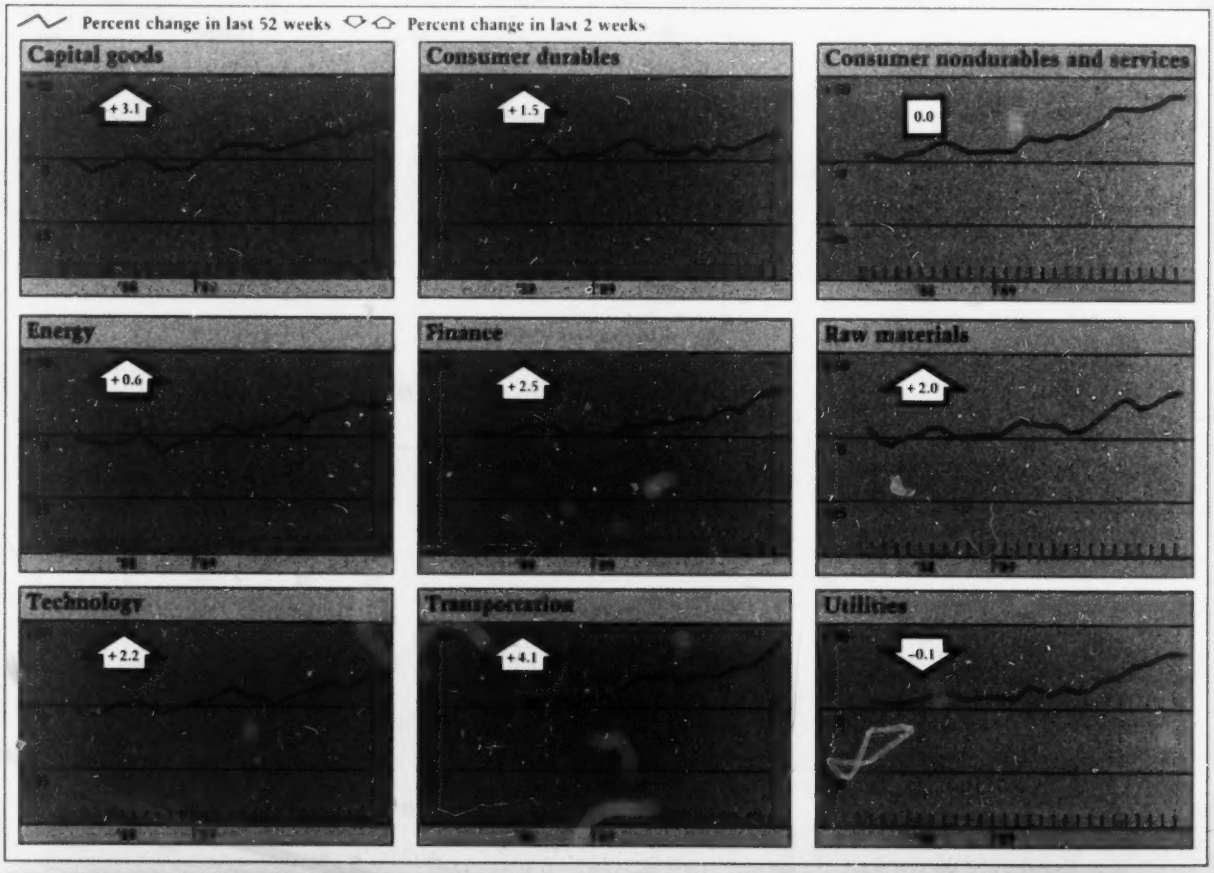
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. [2]Based on sales. [3]Equal weighted indices containing all shares with market capitalizations over $10 million. [4]A stock's sensitivity to overall market movement. High volatility issues have wide price fluctuations, low-volatility issues are more stable. [5]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 8/11/89. Prepared by Wilshire Associates, Santa Monica, Calif.

Where the Action Is

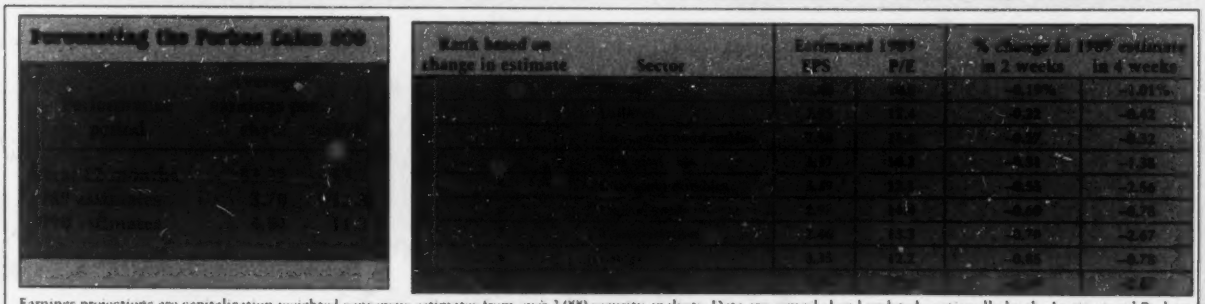
Flying above the market. Takeover speculation enabled transportation stocks to outperform the overall market by more than a 3-to-1 margin over the last two weeks. Investor Marvin Davis' $240-a-share bid for UAL caused shares in the carrier to rise 41%. In the consumer nondurable sector, Adolph Coors' proposal to purchase some of Stroh Brewery's assets helped push up Coors' stock 25%. In the same sector, Turner Broadcasting System increased 19% as it posted its first profit in over three years.

Another top-performing stock over the last two weeks was Jefferson-Smurfit Corp., a Missouri-based paper products company, which rose 32%. Its Ireland-based parent announced a venture with Morgan Stanley to buy back the 22% of Jefferson-Smurfit that is still outstanding.



What the Analysts Think

Market up, estimates down. Analysts downgraded earnings estimates for each sector. Technology and transportation showed the sharpest four-week cuts. "Analysts are hedging their bets, because they aren't sure what will happen," says Laura Alpert of Lynch, Jones & Ryan. If they're right, the market multiple is higher than it seems.



Earnings projections are capitalization-weighted consensus estimates from over 3,000 security analysts. Data are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 8/11/89. Prepared by Wilshire Associates, Santa Monica, Calif., IBES, a service of Lynch, Jones & Ryan, New York.

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KEN FISHER: THE MARKET IS GETTING FROTHY

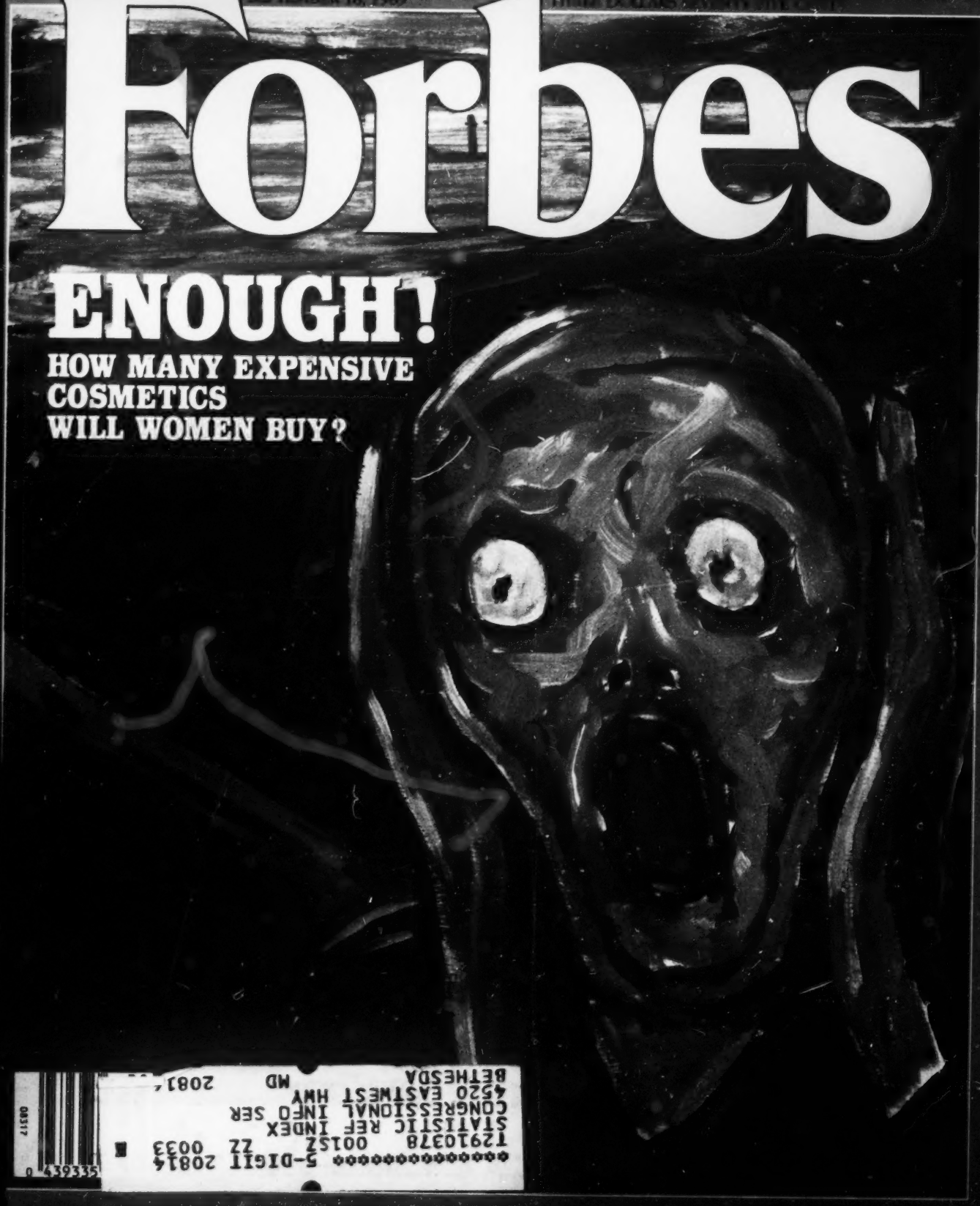
ARE AUTO STOCKS CHEAP?

SEPTEMBER 18, 1989

Forbes

ENOUGH!

HOW MANY EXPENSIVE COSMETICS WILL WOMEN BUY?



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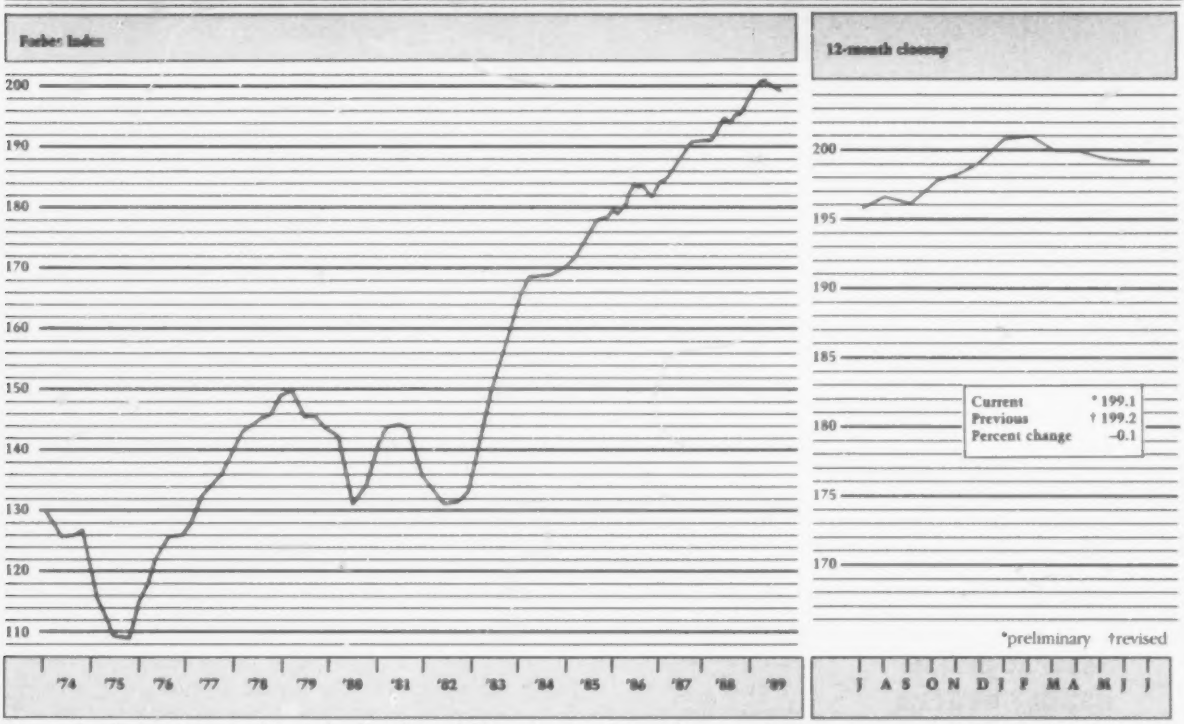
The Forbes Index



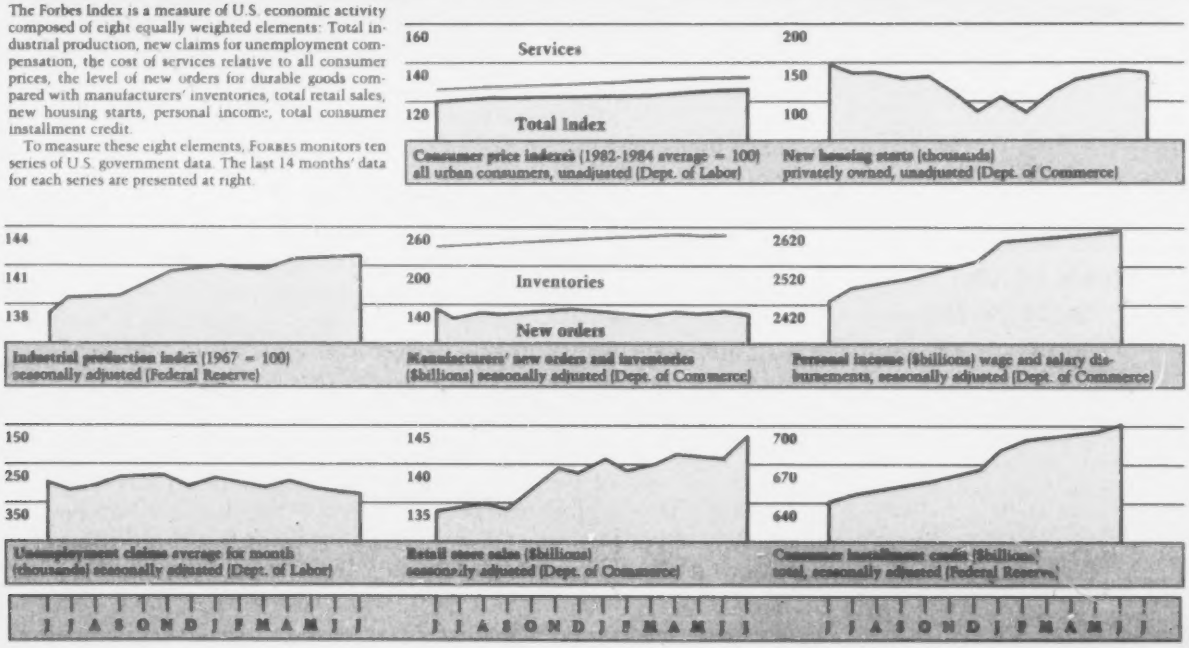
Signs of a slump. The Forbes Index has been falling since March, and preliminary results indicate that the Index fell another 0.1% in July. New unemployment claims jumped over 1% in July, to 339,100, the highest level since January 1988. New housing starts fell 8% in July, the first decline in six months. Slackening auto and machinery demand was in large measure responsible for the 1.9% drop in manufacturers' new orders in July.

There are a few bright spots in the economy. July retail sales were up 2%. Industrial production eked out a 0.2% gain in July. Thanks to soft energy and apparel prices, the overall Consumer Price Index rose only 0.2% in July.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Most investors think the best investments of the information age lie in Silicon Valley. Would you believe Mexico City or Madrid?

Global phone plays

By Ralph King Jr.

MAKING A telephone call overseas is no longer the white-knuckle experience it used to be. Mirabile dictu, those inefficient monopolies run by post-office bureaucrats in countries like Mexico, Spain and Britain are starting to act a bit more like AT&T.

Many have been auctioned off to private shareholders or deregulated in some degree. They are making huge investments to expand and modernize their networks. They are learning what it means to respond to customer needs, spurred, in some cases, by competition. New technology, such as digital switching, is cutting maintenance costs. Result: The revenue base and earnings of some of the best are growing dramatically.

Suddenly, telephone service is no longer a yawn but a hot investment concept. "Boring old telephone firms are on a breakout," says Douglas Campbell of D.A. Campbell Co., an institutional brokerage based in Los Angeles. "They are becoming highly advanced telecommunications companies. What you get is a technology play à la Silicon Valley, but with safety, because no phone company will be allowed to go under."

Campbell, a 60-year-old globetrotting analyst and investor, has made a tidy fortune with offbeat investment ideas. He sees substantial investment potential in the fact that people in other countries are starting to use the phone the way Americans have for years. Economic activity and phone traffic seem to go hand-in-hand. Network usage in a booming Spain rose 16% during 1988. A 30% surge in foreign calls in and out of Mexico since the beginning of 1989 reflects new life in its long-depressed economy. New technology has also boosted usage: Fax transmissions are estimated to account for up to 50% of traffic between the U.S. and Japan.

Getting the governments out of the business is half the secret of the success. In late 1984, 51% of British Telecommunications Plc. was sold to the public, and management has had to adjust to competition for the first time ever from Mercury Communications, a Cable & Wireless Plc. subsidiary. Telefónica de España, 35% state owned, recently was permitted to charge for maintenance of customer-owned phones, a service that has been free, and unprofitable, for years.

Stock picker Campbell has been tracking foreign phone companies since 1986, as many became available on U.S. exchanges as stocks or as American Depositary Receipts *(see table, p. 196)*. He finds two of them especially attractive.

British Telecommuni-

Darryl Estine/Onyx

Douglas Campbell of institutional brokerage D.A. Campbell Co.
"Boring old telephone firms are on a breakout."

Dialing for dollars

Six of these phone utilities are traded on American exchanges, either directly or as American Depositary Receipts. Cable & Wireless must be bought in London. NTT is for now legally off limits to U.S. investors.

Stock	Recent price	Price/ earnings*	3-year growth†	Dividend yield	Return on equity	Stability rating‡
BCE (Bell Canada)	35⅛	16	7%	5.8%	11.1%	A
British Telecommunications ADR	41¼	9	10	5.1	18.5	A
Cable & Wireless	9⅛	18	13	1.8	24.5	B
Hong Kong Telecommunications ADR	18¼	12	22	2.3	45.0	C
Nippon Telegraph & Telephone	11,329	110	3	0.3	5.9	A
Philippine Long Distance	19⅜	8	12	0.8	27.0	C
Telefónica de España ADR	25⅞	14	9	5.2	5.4	B
Teléfonos de Mexico ADR	0.688	7	33	0.8	8.7	C

*Multiple of estimated 1989 earnings. †Projected growth rate in earnings per share. ‡Country risk ranked according to political and economic conditions. "A" signifies most stable.

Source: D.A. Campbell Co.

cations, one of Europe's largest companies with 1988 sales of $19 billion, is lumbering into the information age. It is gradually replacing antiquated analog wires and switches with digital ones, in which sound waves are converted to the 0s and 1s of computer talk. By 1992 the majority of this work will be complete. A low level of productivity—110 lines per employee, compared with 174 in the U.S.—should improve at that time, Campbell feels, because the new systems are highly automated and require far less maintenance. (Note how the U.S. telephone strike is scarcely noticeable.) Another plus is that unlike the Baby Bells, British Telecom is not subject to a ceiling on its rate of return on invested capital. Instead, prices for service are related to an inflation index, so that shareholders capture much of the productivity gains from newer equipment. British Telecom earns 18.5% on its equity.

Campbell also gives the company high marks for investing excess cash in related businesses. So far this year, British Telecom spent $1.7 billion to get McDonnell Douglas' data communications unit and 20% of McCaw Cellular Communications. On the other hand, BCE Inc., which owns Bell Canada, has diversified into "unexciting" oil and gas pipelines and financial services. Investors perceive British Telecom as more risky than BCE, Campbell notes, but it has a steady 5% yield and bright medium-term prospects. "British Telecom's terribly unpopular. But it has fewer restrictions than it did, and it's still a virtual monopoly," he says.

Teléfonos de Mexico is Campbell's favorite of all the phone stocks, despite Mexico's economic and social problems. The company has been adding access lines at an 8% annual clip. That growth is possible largely because it gets about half its revenues in dollars from foreign calls, mostly with the U.S.; this has shielded it somewhat from a weak currency and raging inflation. One problem: It hasn't been able to collect on payphone calls for years. Why? The machines would be full of Mexico's nearly worthless coins after a few calls.

Teléfonos, recently at 69 cents per share, has been as erratic as the rest of Mexico's Bolsa. Still, Campbell says it's cheap on several counts. It trades over-the-counter at just 7 times projected 1989 earnings, versus 13 for the slow-growth Baby Bells. Its market capitalization per access line is just $582, against an average $1,225 for the Bells. Unlike other rapidly expanding firms like Telefónica de España, which have diluted outstanding shares with a string of discounted new issues, the Mexican company has financed its recent growth internally and by issuing new shares at a premium to the market price. Though it pays only a minor dividend, Teléfonos will get a big earnings kicker if the government, with a 51% stake, refunds up to $800 million in 1989 taxes, a move Campbell thinks is possible.

Campbell warns there are things to keep in mind about these companies that don't normally apply to U.S. stocks. Typically, they are the largest commercial enterprises in a given country and act like lightning rods in times of political or economic upheaval. Hong Kong Telecommunications' fate rests on how things work out when China takes back the British colony in 1997.

Also with the overseas companies, accounting differences can be difficult to sort out. Teléfonos' earnings, for example, are adjusted for the effects of inflation. There is foreign currency exposure, too, to consider.

Don't be fooled into thinking that rapid growth always signals a good investment, says Campbell. Philippine Long Distance Telephone Co.'s revenues have almost doubled since 1984, to $374 million, thanks to improved service and greater market penetration. But it has a long way to go. It has just 1 access line per 100 people, versus 42 for the U.S. To catch up, it has had to borrow heavily and is stuck with a troubling 57% debt-to-equity ratio. High interest costs on that debt have kept shareholders from participating fully in earnings growth.

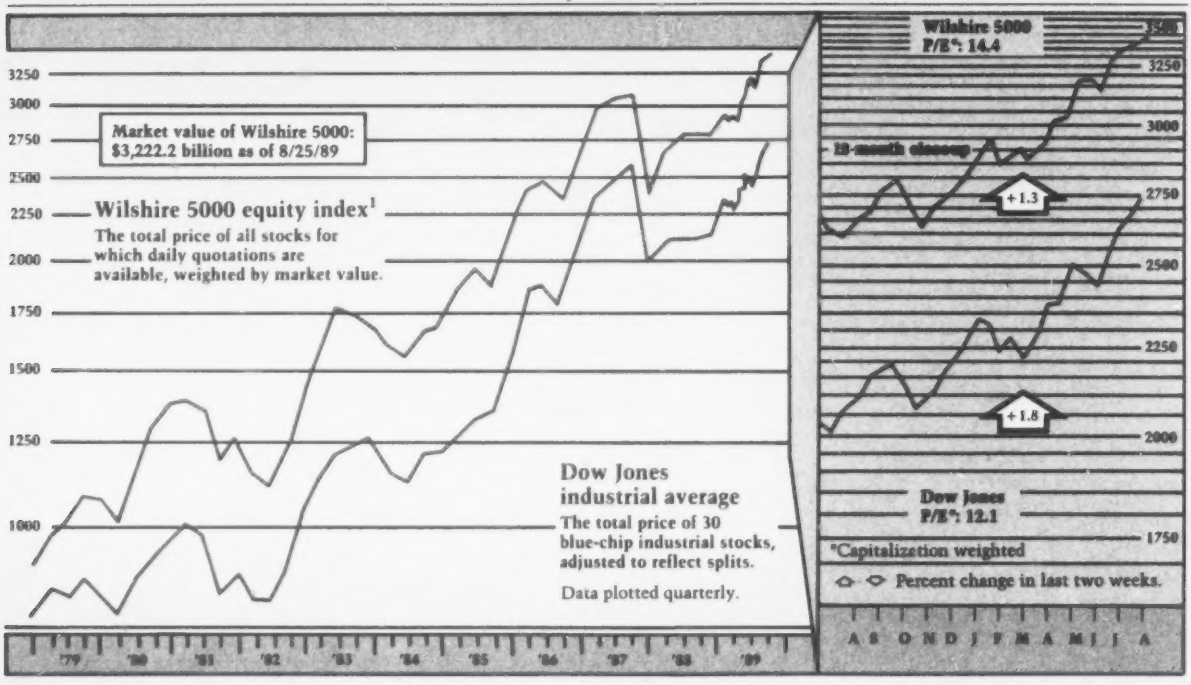
At the other extreme, technologically up-to-date phone companies tend to be overpriced. Nippon Telegraph & Telephone Corp. sells at 110 times projected earnings (foreign investors can't own it anyway, for now). Also at a premium is U.K.-based Cable & Wireless, which owns 70% of Hong Kong Telecom.

There will be more choices in the years ahead. Phone companies in Australia, Korea, Portugal and Singapore, to name a few, are candidates to go public, Campbell feels, as governments unload their stakes and more capital is needed for expansion.

"There are good bargains here because markets abroad are less efficient than ours. As global consciousness grabs us, that will change," he says. "These are global consciousness stocks." ■

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Then and now. In the last 12 months stock prices recovered sharply from the October 1987 crash. The Dow industrials are up 35%, while the overall market, as measured by the Wilshire index, shows a 32% increase. It is now clear that the present market is not following in the footsteps of the post-1929 market. Measured by month-end closes, the Dow index peaked in August 1929 at 380. Exactly two years later it was priced 63% lower. In fact, it took the Dow more than 25 years (until November 1954) to produce a month-end close above the August 1929 value.

During the last two weeks the Dow industrials finally surpassed their August 1987 precrash peak of 2722 and finished the two-week period at 2732, just two points short of the new high hit on the previous trading day. The Nasdaq index ended the two-week stretch at its highest point ever. The Wilshire index of nearly 6,000 issues shows a 1.3% gain for the two-week period.

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	2.6	2.5	3.7	2.3	1.8	3.1
in last 52 weeks	32.1	31.7	35.4	32.3	29.7	24.7

Stock performance based on six key investor variables[3]

Percent change	Company size		Volatility[4]		P/E multiple		Dividend yield		Growth profile[5]		Share price	
	large	small	high	low	over 22	under 8	over 4.2%	none	high	low	over $36	under $5
in last 4 weeks	3.2	2.6	2.4	2.3	1.9	4.6	2.0	1.6	2.5	1.9	3.2	1.3
in last 52 weeks	35.4	30.1	21.8	29.1	33.5	23.5	11.4	28.0	27.1	23.5	35.1	12.3

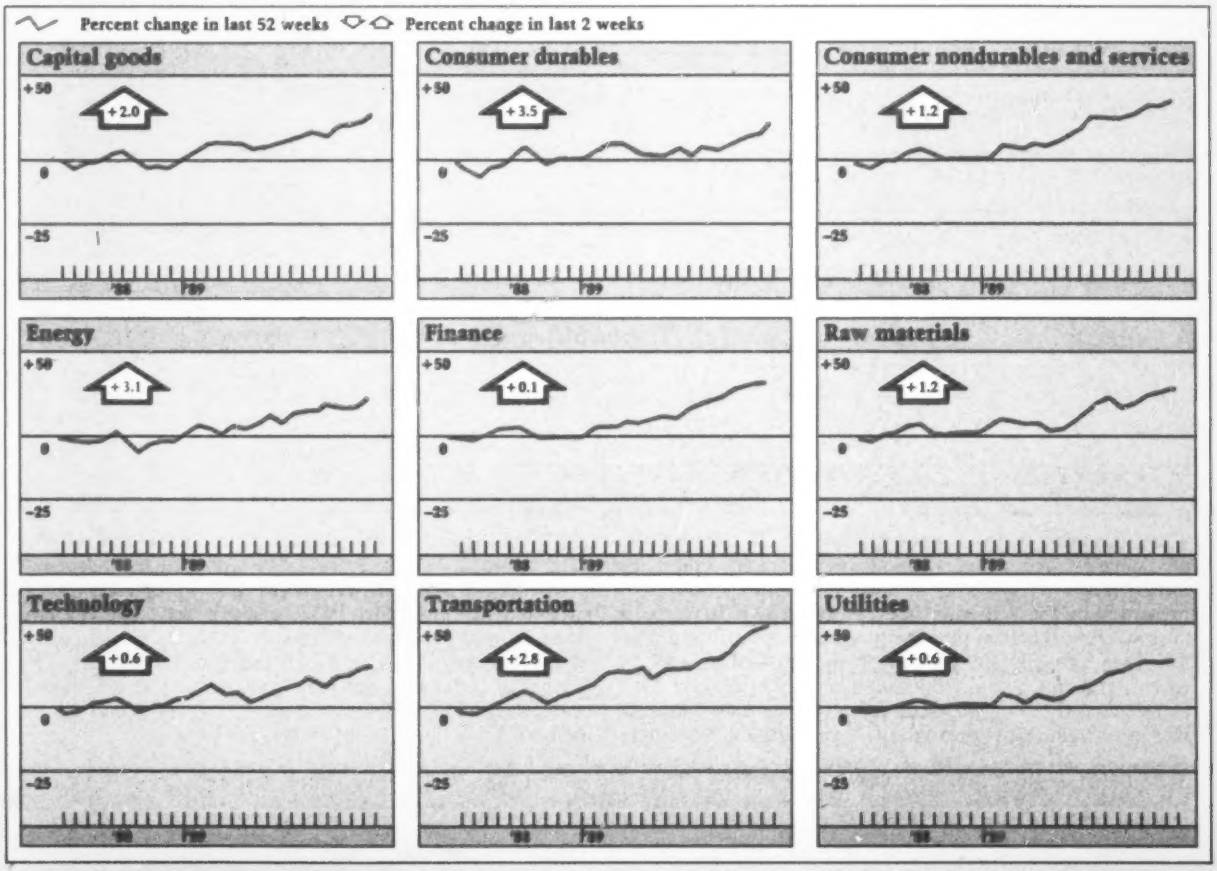
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. [2]Based on sales. [3]Equal weighted indices containing all shares with market capitalizations over $10 million. [4]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable. [5]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 8/25/89. Prepared by Wilshire Associates, Santa Monica, Calif.

Steven Ramos

Where the Action Is

Takeover plays and new rumors helped push stocks to record levels during the last two weeks. The consumer durables sector posted the best gain, a jump of 3.5%. The sector was led by rumblings that a bid would be made for Maytag, which rose 13%. In the consumer nondurables sector, Lyphomed, a Rosemont, Ill. pharmaceutical company, rose 42%, to 30⅛. Fujisawa Pharmaceutical, which already owns 30% of Lyphomed, wants to buy the remaining stock at $31 per share. In the same sector, Tiffany & Co., a retailer of jewelry, rose 25% amid takeover speculation and the release of improved quarterly results. Texas Air, with a 24% gain, led the transportation group. The carrier announced it was considering an offer to sell a stake in Continental Airlines, reportedly to SAS.



What the Analysts Think

Prices rise, estimates fall. Analysts cut 1989 earnings estimates for all nine Wilshire sectors. In our previous report finance stocks had the smallest estimate cuts, while in the last two weeks estimates for this group were cut the most. Grubb & Ellis, Farm & Home Financial and First Tennessee National show some of the sharpest cuts.

Forecasting the Forbes Sales 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.33	13.9
1989 estimates	3.65	12.7
1990 estimates	4.00	11.6

Rank based on change in estimate	Sector	Estimated 1989 EPS	Estimated 1989 P/E	% change in 1989 estimate in 2 weeks	% change in 1989 estimate in 4 weeks
1	Utilities	$2.95	12.5	-0.15%	-0.35%
2	Consumer nondurables	2.54	14.8	-0.33	-0.64
3	Raw materials	3.38	10.5	-0.60	-1.11
4	Capital goods	2.97	14.5	-0.70	-1.28
5	Consumer durables	3.37	12.1	-1.05	-1.60
6	Technology	2.99	12.8	-1.16	-2.83
7	Energy	3.50	12.7	-1.26	-2.10
8	Transportation	2.41	14.0	-1.91	-2.60
9	Finance	3.34	10.8	-3.70	-3.88

Earnings projections are capitalization-weighted consensus estimates from over 3,000 security analysts. Data are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 8/25/89. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.

Housing is likely to be a buyer's market for at least another year. Here's why.

DOWN BUT NOT OUT

By Charles E. Babin

In my FORBES column of Sept. 9, 1985, I predicted the Reagan-era tax initiatives would deal a blow to the nation's home builders and mortgage lenders. With the phasing in of tax cuts, the subsidy to home ownership eroded and the housing sector languished. A recovery is at least a year away.

House prices are linked to the aftertax cost of home ownership, and this cost has climbed as marginal tax rates have been reduced. When marginal rates reached 70%—the top rate when Reagan took command in 1981—the government subsidized the lion's share of housing costs because they were largely tax-deductible—especially during the early years of the mortgage.

The reverse also holds. If marginal tax rates drop, the government's share of housing costs falls while the homeowner's increases. Thus does tax policy affect the affordability of housing.

For the typical home buyer, the 1986 tax package had a double-barreled effect. The number of tax brackets was cut from 14 to 3 and inflation indexation was introduced. These significantly reduced the pace at which taxpayers were pushed into higher tax brackets. Second, the top marginal rate was cut from 50% to 33%. The cumulative impact was to increase materially the aftertax cost of home ownership. Whereas the overall economy advanced at a robust 3.7% pace in 1987 and 4.4% in 1988, residential investment fell in both years.

In 1989 the problems have persisted. And now, given the scale of the S&L debacle, even sound development could find it tougher to secure construction loans.

The table below reveals the magnitude of this tax effect and updates the calculations that were presented here four years ago. Notice that from 1975 through 1980—a period when there were no statutory changes to the tax system—there was no change in the aftertax affordability of home ownership. Aftertax housing costs as a percentage of aftertax income was 10.5% in 1975 and 10.6% in 1980. Yet during this period the average home price climbed 85%, interest rates increased 50% and property taxes doubled. This was affordable because the tax subsidy increased dramatically as the family marginal tax rate shot up from 34% in 1975 to 49% in 1980.

But by 1985, after the first round of phased-in tax cuts, the ability of the hypothetical family to afford a home fell, as the marginal tax rate dropped back to 38%.

Now there's a new setback: The economy is slowing. Should a recession occur, housing will probably be hit hard. Potential home buyers, worried about job security, can be expected to put off buying a house. So, despite improvement in the affordability formula, recovery in housing may be postponed.

Notice I said "postponed." There is a direct relationship between interest rates and housing activity. If history's a guide, early indications suggest that today's lower interest rates will benefit the economy in 1991, with a leaner, more competitive housing industry leading the pack. If so, there may well be exciting investment opportunities, the most likely candidates being the financially sound and well-managed home builders. ■

Charles E. Babin is managing director of BRS Capital Management, Inc., an investment management firm, in Boston.

Home affordability

Lower marginal rates are great for taxpayers, but they do make housing less affordable. By lowering the value of deductions, the Reagan tax cuts have raised the fraction of aftertax income needed to pay for a house.

	1975	1980	1985	1988
Average home price[1]	$39,000	$72,800	$90,800	$112,800
less: 25% down payment	–9,750	–18,200	–22,700	–28,200
equals: mortgage amount	29,250	54,600	68,100	84,600
Initial-year payments				
interest[2]	2,624	7,439	8,514	8,736
real estate taxes[3]	975	1,820	2,270	2,820
less: tax savings[4]	–1,224	–4,537	–3,901	–3,162
equals: aftertax interest and real estate tax cost	2,375	4,722	6,883	8,394
plus: principal payments	200	138	221	437
equals: aftertax housing costs	2,575	4,860	7,104	8,831
Gross income	29,635	56,808	60,000	80,902E
less: tax liability[4]	–5,000	–11,150	–8,820	–13,137
equals: aftertax income	24,635	45,658	51,180	67,765
Aftertax housing cost as a % of aftertax income	10.5%	10.6%	13.9%	13.0%

[1]Figures from National Association of Realtors. [2]Figures from Federal Home Loan Bank Board. Approximate 30-year fixed-rate: 1975 = 9.0%; 1980 = 13.64%; 1985 = 12.52%; 1988 = 10.35%. [3]2.5% of market value. [4]Imputed from appropriate-year tax tables. E: Estimate.

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THE TOP 40
THE WORLD'S HIGHEST PAID ENTERTAINERS

OCTOBER 2 1989 THREE DOLLARS SEVENTY-FIVE CENTS

Forbes

THE ROLLING STONES' KEITH RICHARDS AND MICK JAGGER

WHAT'LL THEY DO WITH ALL THAT MONEY?

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Cover photo by John Stoddard

Forbes

80 *"Others are jealous"*

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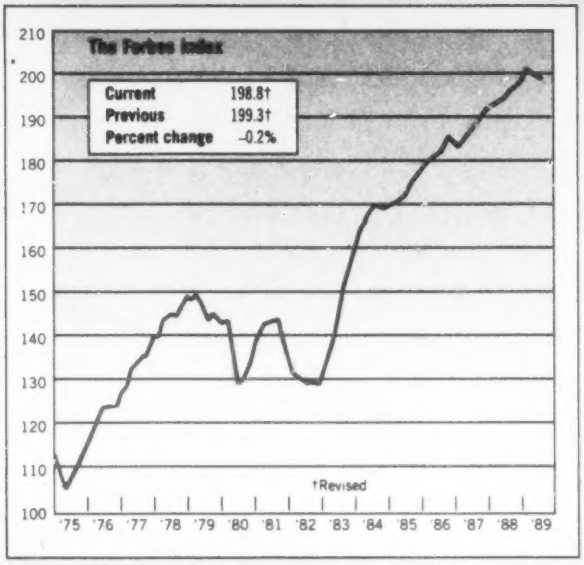
The Forbes Index



Slow but not stopped. The Forbes Index finished the month of July with a 0.2% decline. This marks the fifth monthly retreat for the Index, which has over the years proved to be a good economic indicator. But there is still some momentum in the economy: The revised figure for second-quarter gross national product shows real growth at a 2.7% annual rate, comfortably above the initial estimate of 1.7%. With a 1% jump in July, personal income recorded its biggest increase since January. Consumer installment credit dipped slightly in July, the first decline in more than two years. American consumers may finally be resisting credit card interest rates, still very high.

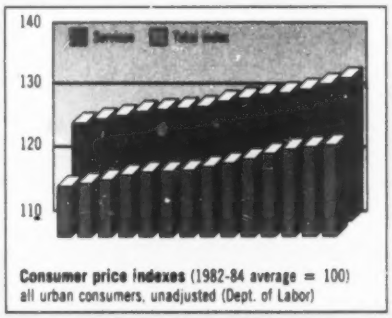
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.5%
Auto sales[1] year to date vs. 1988	Ward's Automotive	-3.5%
Index of leading indicators July vs. June	Dept. of Commerce	0.2%
Trade balance last 12 months	Dept. of Commerce	-$113 bil
Producer price index[2] July vs. 1988	Dept. of Labor	5.0%
GNP 2nd quarter vs. 1st—annualized growth	Dept. of Commerce	2.7%

[1]U.S. based manufacturers only as of 8/31/89. [2]Finished goods.

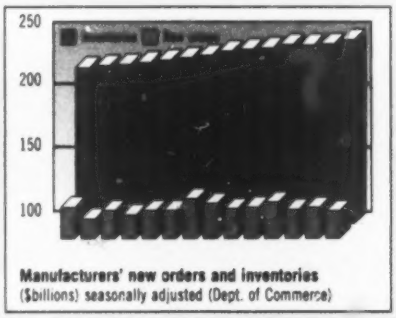
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

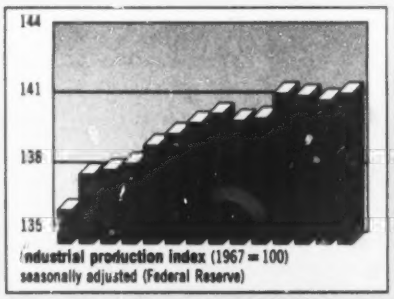
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



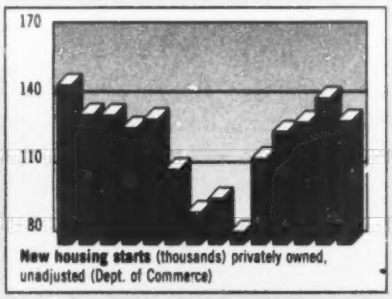
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



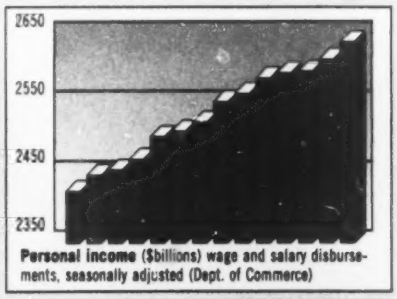
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



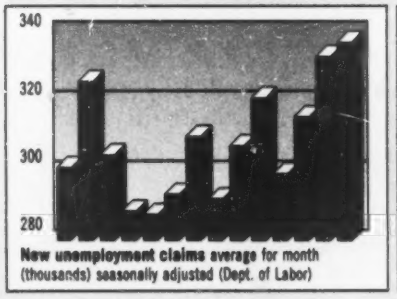
Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)



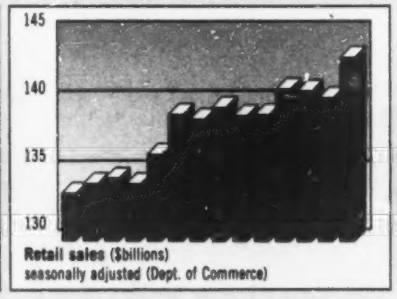
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)

Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

Commercial banks, computers and other forms of competition are moving powerfully into the investment banking business. Could be bad news for Wall Street.

Tough new kid on the block

By Marcia Berss

MORGAN STANLEY sure looks like a cheap stock, at only 8.7 times earnings. Merrill Lynch and Bear, Stearns are trading at even lower multiples.

Maybe the stocks are bargains, maybe not. In evaluating a stock, investors look more at expected future earnings than current ones. In the case of the brokerage stocks, the market has some strong reasons for being skeptical about the future. New competition and technology are conspiring to take a big bite out of investment banking, the big moneymaker for Wall Street firms. Changes coming to this industry are good news for corporations that need to raise capital, good news for investors who buy their securities and bad news for the investment firms in the middle. Predicts John Tamagni, managing director at investment bank Lazard Frères: "You'll have fewer and poorer investment bankers around."

Investment banking—underwriting public stock and bond issues, privately placing securities and arranging mergers and acquisitions—is the principal source of profits for most securities firms today, according to Perrin Long at Lipper Analytical Services. He estimates that investment banking, with pretax margins of 35% and up, is supporting other activities like trading, where profits are razor-thin, and brokerage, which is languishing.

Now consider recent events:

- In June Wall Street lost a decade-long battle when the Federal Reserve gave commercial banks limited powers to underwrite corporate bonds, hitherto a protected preserve for investment bankers. One Fed member called the ruling a "milestone in the deregulation of the American financial system." The Fed, having found a loophole in the Glass-Steagall Act (the 1933 law that separates commercial banking from investment banking), is expected to extend commercial banks' underwriting privileges to stock underwritings in 1990.
- In April CapitaLink, a small firm loosely affiliated with J.P. Morgan & Co., announced a system for corporations to issue bonds directly to investors, bypassing the underwriter. CapitaLink's no-frills service will offer new-issue, public, high-grade bonds via a computer dutch auction; it will cost 0.2% of the money raised, less than a third of the commission an underwriter charges. Savings on a midsize $300 million debt deal: $1.3 million. CapitaLink's target market is

Doomsday for dealmakers?

Investment banking is a small portion of revenue of Wall Street firms but a large source of net income. Competition is coming to this lucrative business at a time when other lines, like retail trading, are languishing.

Company	Investment banking revenue contribution[1]	Latest 12 months EPS	Price	P/E
Bear, Stearns	19.9%	$2.02	16¼	8.0
Merrill Lynch	17.1	4.14	34⅛	8.3
Morgan Stanley	45.8	9.05	78⅞	8.7
PaineWebber	18.8	0.75	22⅞	30.5
Salomon Brothers	21.7	1.54	26⅞	17.5
Shearson Lehman Hutton	27.8	(0.03)	21¼	NM

[1]Investment banking revenue as fraction of total revenue, net of interest expense, for fiscal 1988.
NM: Not meaningful. *Source: Company reports.*

the $100 billion in high-grade new issues sold in 1988, 43% of all public corporate debt. The Morgan bank will begin marketing the system this fall.

Issuers are enthusiastic. Richard Culver, treasurer of Westinghouse Credit, says, "We think CapitaLink has a good deal of potential." So do investors: In April Metropolitan Life tried to cut out the middleman by buying an entire public debt deal direct from issuer Carolina Power & Light. Metropolitan ultimately abandoned the bid on a technical issue, but not before sending tremors through Wall Street.

• The Securities & Exchange Commission is expected shortly to approve a rule expanding private placements. In this market, companies sell securities (usually bonds) directly to an insurance company or pension manager. Corporations raising capital have, of late, discovered private placements in a big way. They now total $181 billion, or 40% of all corporate capital raised, against 22% of capital raised in 1980, according to IDD Information Services. Investment bankers are none too happy, since their fees for brokering such deals are well below those collected on public bond issues.

And their fees are about to get lower. This fall the SEC will probably relax disclosure requirements in the private market, making it even more attractive to issuers and buyers. This will eliminate red tape in simple private offerings and cut out the middleman banker. "The SEC knows we don't need them to tell us what financial information we need to make an investment decision," says Richard Yorks of Prudential Insurance, the nation's biggest holder of private placements, with $30 billion. As a result, "you may not need an investment banker to do these deals," says David Marks, senior vice president at Cigna Investment Group, another big private placement investor.

The fattest middlemen's margins are in the public underwriting of complex or riskier securities, including junk bonds and common stock. There the middleman's spread is 3% of the offering amount, up to 7% for initial public offerings. Commercial banks covet this business. The June Federal Reserve action permits commercial banks to underwrite corporate debt, provided they set up separate investment banking subsidiaries and limit underwriting to 5% of the unit's revenue. Four banks—Bankers Trust, Chase Manhattan, Citicorp and J.P. Morgan—are establishing such operations. The ruling is expected to be extended to more lucrative stock underwriting next year. As these banks, with the connivance of their regulators, push the outer limits of Glass-Steagall, they increase the pressure on Congress to repeal the law altogether.

In junk bond underwriting, commercial banks have a head start. They typically lend 60% of the financing in a leveraged buyout, and it's a short leap from analyzing the credit for a senior loan to analyzing the credit for the more junior debt. And it is the latter that is harder and thus more profitable to sell. Jerry Thompson, executive vice president at NCNB National Bank of North Carolina, was a senior lender in the recent RJR Nabisco buyout. Says he: "We feel like jerks when we put up most of the money in a deal and Mike Milken is making $500 million. We can find people to take on risky paper. They can't be hiding under rocks."

As Wall Street has already learned to do, commercial banks are starting to be equity players in takeover deals. In June commercial bank Bankers Trust raised eyebrows when it invested $80 million of equity in Alfred Checchi's $3.7 billion purchase of Northwest Airlines. The bank is also an equity player in James Goldsmith's $20 billion bid for B.A.T Industries. Commercial banks have long had the right to own up to 5% of voting stock in an industrial corporation (and up to 25% of shareholder equity). Only recently have they exercised this right. Often, they pick up equity kickers while arranging debt financing for a leveraged buyout.

In this invasion of underwriting and equity participation, commercial banks are attacking the bread and butter of investment bankers, mergers and acquisitions. At the top firms, 50% to 75% of investment banking earnings comes from merger work. Barry Friedberg, head of Merrill Lynch's investment banking group, says: "We perceive commercial banks to be a competitive force to be reckoned with."

Friedberg is being realistic: In the past Wall Street tended to sneer at banks as competitors in the merger business. There never was anything in Glass-Steagall to stop commercial banks from getting a piece of the action. All that stopped them was a perception that they were too clumsy. The buy-and-hold mindset of commercial bankers was supposedly no match for the risk-taking ethos of investment bankers; besides, argued Wall Street, commercial banks won't pay for talent.

They will now. In November Bankers Trust signed Gerald Rosenfeld, formerly of investment bank Salomon Brothers, to a reported $2 million-a-year, three-year contract. Another top investment banker says a commercial bank offered to top his seven-figure salary by 50%.

"Oct. 19 played to the advantage of commercial banks," notes Windle Priem of executive recruiter Korn Ferry International. Since the crash, mid-level investment banking salaries have been flat, while commercial bank pay is up. Among middle managers the investment bank salaries are still better, but the gap is narrowing. At entry level, the shift is even more dramatic. At Harvard's and Stanford's business schools, median starting salaries for graduates headed to a commercial bank now exceed those at investment banks, reversing a historic trend. Last year, Harvard grads started at $54,700 at commercial banks, $50,200 at investment banks.

It never happens overnight, but it happens inevitably: An abnormally profitable business attracts competition, and the profits shrink to more normal levels. No, the death knell of Wall Street is not sounding. But the glory days are fast coming to an end. ■

lar they put in, they got back around 2,000 zlotys. Chojna's investors took the zlotys in suitcases to the streets, where they exchanged them back into dollars on the black market. Even at the black market rate they ended with about twice as many dollars as they put in. Each transaction, round-trip, took a bit over two months, meaning that an investor could turn over five deals a year. They could and sometimes did make as much as a 2,000% return on their first investment. The year 1988 wasn't quite as good. They made less than 1,000% that year.

But things have gotten so dismal in Poland that even Chojna's business is going bad. The government no longer tries to maintain one official exchange rate, and the value of the zloty has been deteriorating rapidly. It was pegged at 6,000 to the dollar in June and at over 10,000 to the dollar in September. With prices rising at a 300% annual rate, a businessman has to move fast to make a profit. Chojna says he loses potential profits between the time he and a buyer agree on a price and the time he actually gets paid—a period of two months or more. If he figures his prices based on 10,000 zlotys for the dollar, the dollar may cost 12,000 zlotys or more by the time he gets paid. Hyperinflation is like that.

Meanwhile, others have gotten into the game. Competition has pushed down prices. Chojna can no longer mark his prices up by 300%. Polish companies are no longer willing to pay so much for a computer. They look for bargains. That's capitalism.

Chojna, a graduate of three faculties at the University of Warsaw, is one of the first of the new Polish capitalists. He employs about 25 people in real jobs, not in the kind of make-work paper-shuffling that passes as work in socialist economies. "Now there are thousands of similar companies in Warsaw alone competing with me," says Chojna. This year Chojna can offer investors a measly 50% annual return on their money. Soon, he knows, by the iron laws of free enterprise, the profit will vanish entirely.

But Chojna is not dismayed. He has become a sales agent for Western companies importing goods into Poland. Among his clients is Madag, a Swiss producer of knitting equipment. Chojna himself has started importing Western-made goods—anything from copiers and VCRs to knitting yarn—by the containerload, and selling them to Polish consumers for whatever currency they have.

Is what he is doing legal? At this point that is by no means clear. But even the government recognizes that getting goods into the country and providing jobs is more important than enforcing socialist orthodoxy.

As a capitalist, Chojna drives a new Volvo, and vacations in one of Poland's oldest ski resorts. Some of his fellow countrymen may resent him as a profiteer, but Chojna works a lot harder than most of them do. This year he may have to pass up his usual skiing vacation. "Now the situation in the market changes rapidly, and you may have a change in the profile of the business practically overnight," he says. "You have to be flexible."

Is Chojna giving up on his computer business? Not at all. Recently he introduced it to the Soviet Union. The business culture there, says Chojna, "is very much like it used to be in Poland in the early 1980s." ■

The Mexico debt deal may force our big banks to further boost reserves. The stock market will probably yawn.

What are they waiting for?

By Patrice Duggan

SEVEN OF AMERICA'S largest banks may soon take major hits in the form of further reserves against Latin American loans.

The banks' July agreement to reduce Mexico's foreign debt gives Mexico much-needed relief. But it values the Mexican loans at only 65 cents on the dollar.

Mexico is one of the best credit risks among Latin debtors. If Mexican paper is worth 65 cents on the dollar, Brazilian paper, to say nothing of Argentinean, should be worth less. The

David Burnett/Contact

Citicorp Chairman John Reed
Will he take the lead again?

major banks have already made massive additions to their loan loss reserves, but these cover only about 30 cents on the dollar. Many analysts suggest the banks should boost reserves to 50 cents for each dollar they have lent to less developed countries.

Officially, the banks are mum, but at least in one major U.S. bank, increased reserves are now being debated. Europeans have already made the move. British banks, for instance, recently upped their reserves to 50%.

Some banks may be waiting for Citicorp to make the first move. It was Citicorp Chairman John Reed who shook the banking world 2½ years ago when he announced that Citicorp was adding $3 billion to reserves against its $15 billion LDC loan portfolio. The move wiped out Citicorp's 1987 earnings. Will Reed once again take the lead? He isn't saying.

What do the big banks stand to lose? It varies. Increasing reserves against all Latin loans even to 35% would cost Manufacturers Hanover $900 million, Citicorp almost $500 million and Chemical $370 million. The other big U.S. banks already hold reserves of 30% or more.

What next?

To boost reserves to 50%, most banks would have to take a big hit.

U.S. banks with largest loans to developing nations	Loans ($bil)*	Loan-loss reserves†
Citicorp	$8.85	29%
BankAmerica	7.40	33
Manufacturers Hanover	6.80	22
Chase Manhattan	6.40	30
Chemical	4.60	27
JP Morgan	3.30	31
Bankers Trust	3.11	32

*Medium- and long-term loans as of 6/30/89. †As a percentage of those loans.
Source: Keefe, Bruyette & Woods, Inc

But the secondary market for Latin loans suggests that the banks should hold reserves of at least 50%. If the top seven U.S. money-center banks were to follow the Europeans and increase Latin reserves to that level, the impact on both earnings statements and capital would be severe.

However, the effect on the stock market might be modest on most banks. The market already discounts big bank stocks for foreign loan losses far higher than the banks have provided for. Thus, while the market has an average price-to-earnings ratio of 14, and price-to-book value of 2.8, Citicorp and Bankers Trust each have P/E ratios of 6 and price-to-book ratios of 1.2. "Banks' stocks have sold at notoriously low multiples for years, and part of it is exactly this Latin loan problem," says Drexel Burnham Lambert analyst Lawrence Cohn.

Just last month the Philippines reached a debt reduction package with its foreign banks. Other countries are pressing for similar concessions. It is probably only a matter of time before banks adjust their books accordingly. The stock market probably won't much care. Moreover, so far as capital adequacy is concerned, loan-loss reserves are counted as part of a bank's primary capital. So why haven't the banks acted already? In part because doing so might encourage debtor nations to demand further concessions. In part because of a natural human reluctance to face up to the consequences of mistakes.

Facts, however, are facts. ■

Ford romances Saab. General Motors dates Toyota. Chrysler plans a fling with Renault. Care to dance?

Make love, not war

By Jerry Flint

FROM MELBOURNE to Stockholm, from Tokyo to Detroit, auto companies are cruising for partners. Today's steamiest mating dances are in Europe, the latest being Saab-Scania's overtures to attract an equity investment from Ford. Saab is losing money in its car business. Ford wants to strengthen its higher-priced car lines and get a piece of the successful Scania truck line.

Several automakers have made passes at Britain's luxurious Jaguar, and they may again if the British government gives a signal that Jaguar is up for grabs. Then, of course, there is Fiat, which last year swooped up Alfa Romeo to keep the sporty little Italian carmaker out of Ford's clutches. Now Fiat flirts with Chrysler, the only U.S. car company without a major subsidiary in Europe.

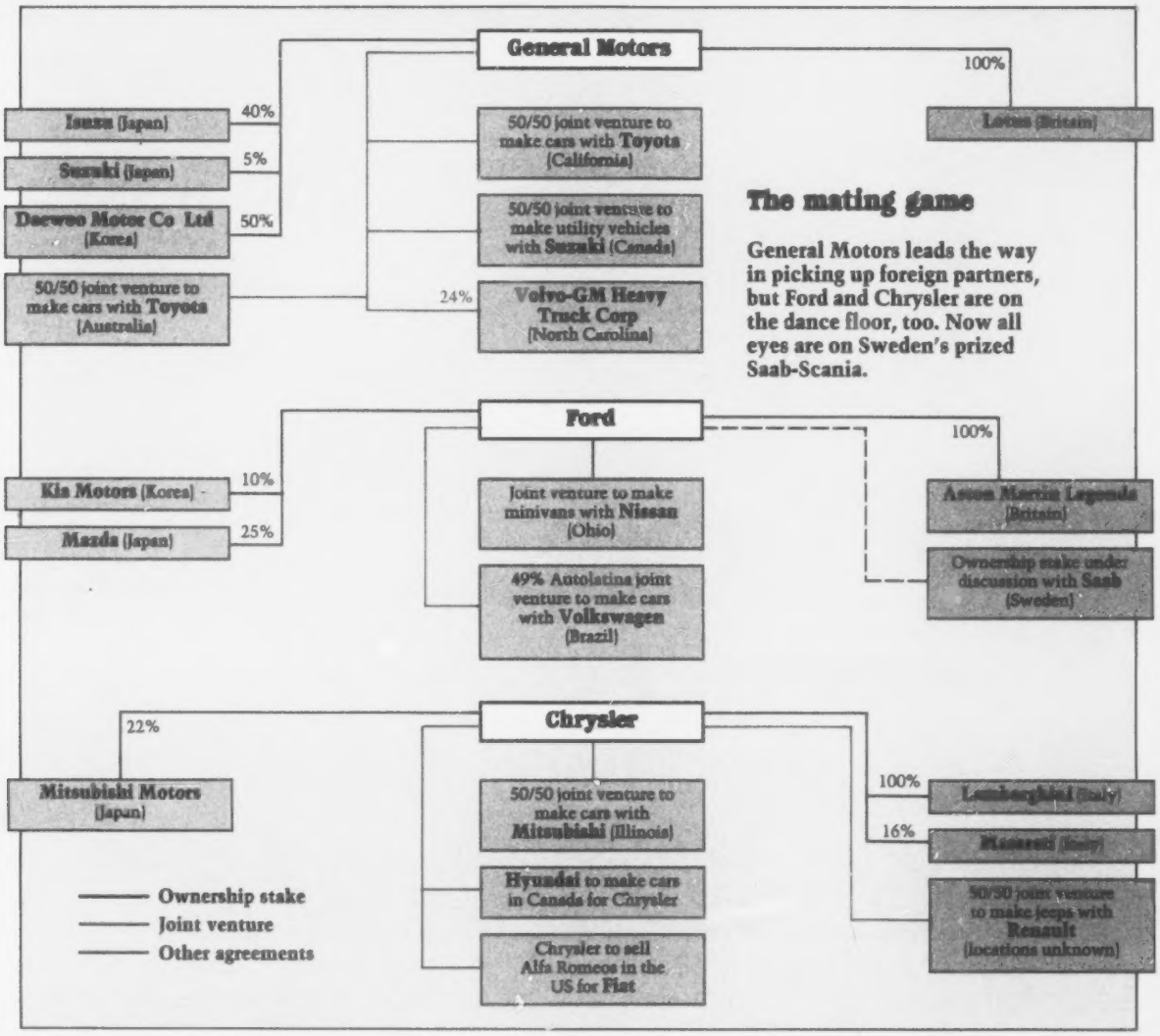
In the auto world, the most meaningful relationships tend to be stock ownership arrangements, like Ford's 25% equity stake in Japan's Mazda Motors.

Detroit's ties to Asian automakers proliferated in the mid-1980s, when GM, and to some degree Ford and Chrysler, decided to rely on the Japanese and Koreans for new small cars instead of building them in the U.S. These include GM's Geo line, Chrysler's Dodge Colt models and Ford's Festiva.

A decade ago experts were convinced that global overcapacity would drive some auto companies to the graveyard. But instead of dying, the world's auto companies are dating. By pooling resources, they improve their chances for surviving in a murderously competitive market.

Like all partnerships, those between the automakers pose some problems. One clear danger is that American automakers will let themselves become overly dependent on their foreign partners and abandon certain fields of technological know-how. GM doesn't build its own small car in the U.S., Chrysler hasn't done any serious reworking of its small cars for over a decade, and Ford's next small car will be a Mazda derivative. Should gasoline prices spurt again, Detroit will be caught once more without a technologically up-to-date small car of its own.

Some links between auto companies are more marriages of conve-



nience than true love. Take, for instance, the link between General Motors and Toyota, the world's third-largest auto company. GM and Toyota have a joint venture to make cars in Fremont, Calif. and Melbourne, Australia. But the two companies continue to be rivals, even within the joint ventures. When Toyota needed GM's approval to produce trucks at the Fremont plant recently, GM stalled for months. The okay eventually came, but, rumor has it, only after Toyota agreed to make price concessions on the cars the Fremont plant was building for GM.

So far, Chrysler's most important foreign tie is its ownership stake in Mitsubishi. Mitsubishi's steady supply of hundreds of thousands of six-cylinder engines kept Chrysler in the performance race the past few years. Chrysler and Mitsubishi also co-designed a sports coupe (Eclipse for Mitsubishi, Laser for Plymouth) that the two are building in a joint venture plant in Illinois.

Ford is stepping out a bit on its Japanese partner, Mazda, by romancing Nissan. Ford is spending up to $1 billion to expand a plant near Cleveland to build a minivan that is being designed by Nissan. Both companies will market the final product. Nissan and Ford also have been playing footsie in Australia, where the two companies currently exchange utility vehicles. There has been talk of a Ford-Nissan venture in Europe, as well. Will the Ford-Mazda relationship suffer? Probably so. But that's the nature of the mating game: Everybody plays the field.

Chrysler has its eyes on Europe these days. After all, Ford and GM are making more profit on their massive European car operations than they do in the U.S. (FORBES, *Mar. 20*); Chrysler has no car production in Europe. After problems developed with a joint venture with Maserati, Chrysler gave up an option to buy control of the Italian sports car maker. Chrysler did buy Lamborghini, another Italian maker of high-priced exotic cars, which may—or may not—turn out to be profitable. But don't write off Chrysler in Europe. By buying AMC two years ago, Chrysler inherited a relationship with France's Renault. The two plan to build a tiny Jeep, with Chrysler assembly in the U.S. and Renault rolling the product out on the Continent.

The Euro-mate of Chrysler's dreams, however, is Fiat. Currently, the only Chrysler-Fiat venture is a marketing agreement: Chrysler is to sell Fiat's Alfa Romeo line in the U.S. The fact is, Chrysler Chairman Lee Iacocca needs European partners, and Fiat's Giovanni Agnelli needs all the help he can get to hold off the Japanese on the Continent. Long-term alliances have been built on less. Automen aren't the first to find that making love is generally preferable to making war. ■

Mitsui and Taiyo Kobe will merge to form the world's second-largest bank. Is rival Sumitomo worried? Not very.

"The other banks feel threatened"

By Andrew Tanzer

SOTOO TATSUMI, the 65-year-old president of Sumitomo Bank, takes a puff on his Peace brand cigarette and reads a list of Japanese bank profits during the fiscal year ended last March. Note, he says, that with net earnings of $1.5 billion, up 78%, Sumitomo was the most profitable bank in Japan for the first time in three years.

He smiles and pulls out a roster of international bank profits. Sumitomo now trails its role model, Citicorp, by only a few hundred million dollars. Citicorp Chairman John Reed will know what the smile means: We're out to oust you from that top spot.

It could happen. With assets of $369 billion, Sumitomo will be the third-largest bank in the world. The merger of Taiyo Kobe and Mitsui that takes effect in April of next year will shove Sumitomo from second place in assets to third; Japan's Dai-Ichi Kangyo is number one globally in assets. But when it comes to profits, the rankings change: Citicorp, one; Sumitomo, four *(see table, p. 88)*. And Sumitomo wants to be number one in profits, not in size.

In Japan, Sumitomo is often criticized for paying too much attention to profits, for being too cold and rational; worst of all, it is called un-Japanese by some corporate clients and rival Japanese banks.

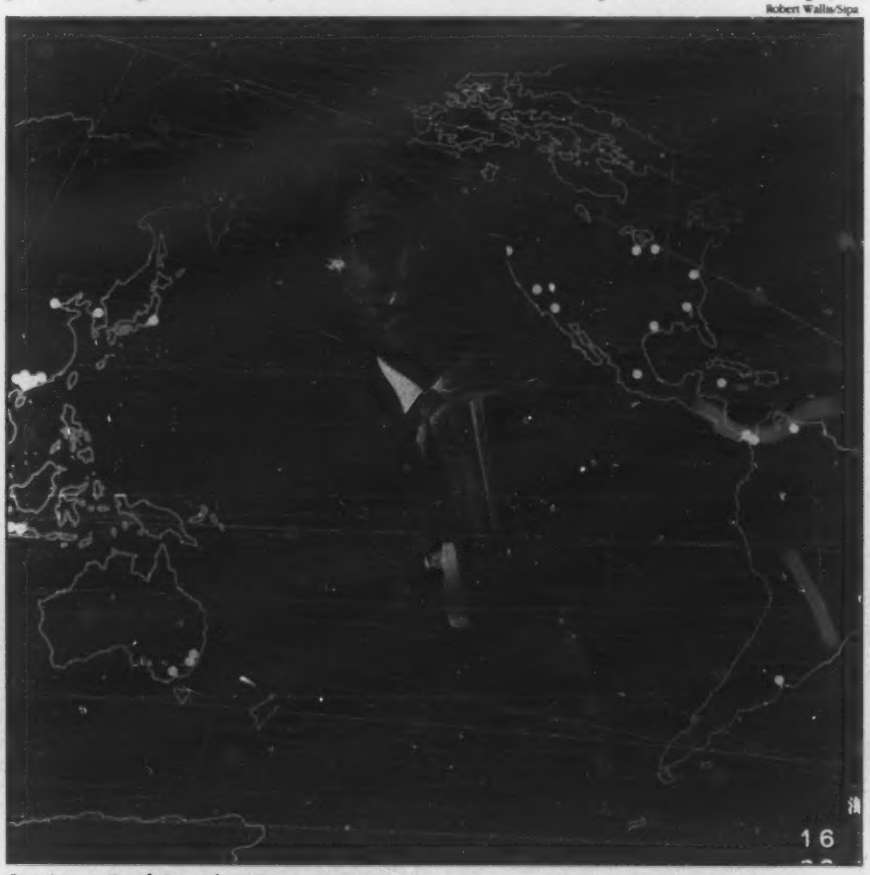
Tatsumi, in his austere Tokyo office, scoffs at such criticism. "Our profit orientation is criticized because others are jealous," he says breezily.

Jealous not only of Sumitomo's profitability but also of its ability to adapt. As in the U.S., the banking scene is changing rapidly for Japan's 13 "city," or national commercial, banks. The deregulation of interest rates on deposits, gradually implemented over the past five years, is sharply raising the cost of money. Big corporate customers have drastically reduced borrowing from their banks, instead raising cheaper money on global capital markets. The Bank for International Settlements' (BIS) risk-asset ratio regulation is forcing Japanese banks to boost their profitability in order to cover new reserve requirements.

So Sumitomo's traditionally aggressive style has been vindicated. Because it is more profitable than its rivals, it will have less trouble meeting the new, tougher capital requirements. With the decline of its bread-and-butter wholesale lending business in Japan, Sumitomo has quickly expanded retail lending and raised noninterest income from new businesses such as mergers and acquisitions and leveraged buyouts.

Its major recent move into retailing—its October 1986 merger with Heiwa Sogo Bank—was a classic example

Robert Wallis/Sipa



Sumitomo Bank President Sotoo Tatsumi
Seeking to top Citicorp in profits.

PERSONAL

A CERTAIN WORLD WALKS IN ROSSETTI

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of how determined Sumitomo can be once it has made up its mind. While other city banks were wary of the disastrous Tokyo-based savings and loan—only 2 of 103 branches were profitable—Sumitomo snapped it up. "They made the management decision to pay the price," comments an executive of another Japanese bank.

The price was high: Sumitomo wrote off $750 million of Heiwa's loans, dragging down profits for two years. Then it retrained Heiwa bankers and integrated the branch network into the Sumitomo system, returning most branches to profitability. But, most important, the acquisition enormously strengthened Sumitomo's Tokyo base (Sumitomo is headquartered in Osaka), a move of vital strategic importance.

Japan's economy is increasingly concentrated in Tokyo, which now accounts for more than half of all the bank loans and deposits in the country. The Tokyo retail market—loans to small and medium-size businesses and to individuals—is growing especially rapidly.

Because of government restrictions on opening branches and Tokyo's tight supply of office space, Sumitomo couldn't have built a strong network in the capital without an acquisition. Tatsumi calls the takeover "a historical event for us."

Because of government restrictions on opening branches and Tokyo's tight supply of office space, Sumitomo could not have built a strong network in the capital without an acquisition. Tatsumi isn't exaggerating when he calls the takeover "a historical event for us." He adds: "The other major banks feel threatened."

Sumitomo had little choice but to assault the retail market. Because of financial liberalization and the booming Tokyo Stock Exchange, listed companies can raise cheap money—often costing only 1%—by issuing stock or equity-linked bonds. During the last few years, prime customers like Matsushita Electric and NEC have raised almost all their external financing on capital markets.

Rising funding costs have also taken the profit out of lending to big corporations. Steady deregulation of interest rates is raising the rates Sumitomo must pay for deposits.

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How they stack up

Japan's colossal city banks dominate the ranks of the world's largest banks as measured by assets. But they lag in profitability.

Assets rank	Bank	Assets ($mil)	Income rank	Bank	Income ($mil)
1	Dai-Ichi Kangyo	$383,768	1	Citicorp	$1,858.0
2	Mitsui Taiyo Kobe*	380,027	2	National Westminster	1,708.3
3	Sumitomo	368,982	3	Barclays	1,616.0
4	Fuji	354,027	4	Sumitomo	1,500.0
5	Mitsubishi	346,169	5	Dai-Ichi Kangyo	1,360.1

Exchange rate, 132.2 yen = $1. *Assumes merger. Source: IBCA Ltd.

deposits has been cut from $7 million in 1985 to $70,000. Banks pay 4.15% to individual depositors on six-month "super money market certificates" launched in June, compared with the 3.2% many of the certificate holders were getting on their savings accounts before then. The proportion of Sumitomo's yen deposits being held at market interest rates has doubled to 52% in two years.

In pursuit of higher spreads on loans, Sumitomo, like so many large regional American banks, has stepped down a couple of notches to target smaller businesses. Tatsumi transferred hundreds of bankers from the head office to branches, "to strengthen the front lines for a quick response to customers." Once concerned mainly with lending to mighty industrial companies, Sumitomo now lends largely to businesses like restaurants, real estate, pachinko parlors and shop owners, with most of the loans secured on property. Over the past four years the share of loans to the retail sector has jumped from 51% to 73% of Sumitomo's portfolio.

Loans to consumers, once ignored by the big city banks, are also surging. The attraction, again, is the wide spreads: Sumitomo, for instance, charges 11% on bank card loans, 6 points above the short-term prime rate. The bank's consumer loans, including mortgages, have quadrupled since 1985, to $28 billion.

The Bank for International Settlements' rules, which require banks to raise their ratio of capital to risk-weighted assets to 8% by 1993, are forcing Japanese banks to focus more on profits and less on asset growth.

Sumitomo, like several other Japanese banks, has already reached the 8% level the easy way—by issuing billions of dollars' worth of stock and convertible bonds, and by selling off billions of dollars of stockholdings in other Japanese companies. Now Tatsumi says the bank has to push up operating profits to support a 10% annual growth in assets.

Much of the growth will come from noninterest income, in which Sumitomo holds a wide lead over the other Japanese city banks. Last year fees and commissions from such transactions as futures, options, private placement of bonds, and foreign exchange and government bond dealing jumped 60%, to $940 million.

Sumitomo has been particularly aggressive in leveraged buyouts and merger and acquisition deals in the U.S. and Europe, earning advisory and loan commitment fees in dozens of deals. The bank was, for instance, the adviser to Yamanouchi for its $395 million takeover of San Francisco-based Shaklee, the vitamin and nutritional supplements marketer. Sumitomo arranged Japanese financing for Campeau's buyout of Federated Department Stores and earned a $2.5 million loan commitment fee from Paramount in the latter's failed bid for Time Inc. Tatsumi: "We don't want to miss any chance to earn commissions overseas."

He means it. Sumitomo's investment banking ambitions are still limited by regulations at home and abroad. So, in Europe, Sumitomo underwrites corporate bond issues through its London investment banking subsidiary and Banca del Gottardo, a Swiss bank it acquired in 1984. In December 1986 Sumitomo paid $500 million for a 12.5% share of Goldman, Sachs' profits, but Federal Reserve Board restrictions preclude extensive business development between the two companies.

At home in Japan, Glass-Steagall-like restrictions keep Sumitomo out of things like securities underwriting, but Sumitomo is pushing hard for removal of these restrictions. Many Japanese bankers think in terms of competing with other Japanese bankers. Sumitomo thinks in terms of competing with the world. ■

Television may be America's favorite entertainment, but if you want to get superrich, cut yourself a hit record album. TV and movies are glamorous, but platters are green.

The magic kingdom

By Peter Newcomb

THE Forbes TOP 40 haven't beaten the Dow Jones industrial average so far this year but have certainly done well for themselves, with combined gross earnings of $872 million in 1989, up 14% from 1988. The recording performers continued to dominate the Top 40, making up nearly half the list. On top of it all for the second year running is pop phenom Michael Jackson. Jackson's business is staggering, even in "off" years like 1989. Last year we estimated that his tour would gross $75 million. Were we ever low. Jackson's Bad tour went on to gross over $125 million, playing before 4 million people.

Other recording performers include Top 40 newcomers the Rolling Stones. After landing a superfat guarantee of $70 million, the Stones rock-'n'-rolled their way into the top 10, with an estimated two-year gross of $55 million *(see story, p. 154)*.

Other vintage acts proved what's old is golden. Up 12 places from last year are the psychedelic rockers Pink Floyd, who took in an estimated $135 million from their tour of North America and Europe. The British rock group The Who, who weren't shy in saying they needed the money, should have left the U.S. at least $30 million richer after their reunion tour. And after a bout with drugs, the newly rehabilitated hard rockers Aerosmith debut on the list this year. Their multiplatinum album *Permanent Vacation* and $20-million-plus tour helped secure the 35th place on this year's roster.

While vintage acts capitalized on reunion hype, younger hard rockers were not lacking. New to the list this year is the

How we get our estimates

In assessing an entertainer's earning power, FORBES looks at the stars much as we would a company. The key question isn't: How much money was taken in? The key question is: How much pretax profit did he or she make? For instance, when Guns N' Roses goes on tour, FORBES adds up ticket sales, merchandising, domestic and foreign television rights, endorsements and sponsorships, not to mention record and film royalties. From this gets deducted immediate costs: travel, the venue's and promoter's take, agent's and manager's fixed percentages, multimillion-dollar staging and lighting as well as salaries paid to the scores of people they take on the road—technicians, stagehands, etc. Whether these groups elect to spill magnums of 1966 Château Margaux or trash $500-plus-per-night suites at the Four Seasons, FORBES does not speculate. We're not on the road with them.

hard-rocking Los Angeles band Guns N' Roses. That band's first two albums already are nearing the 15 million sales mark *(see story, p. 152)*. Another group from the same genre is Def Leppard. Their $26 million tour combined with their two multimillion selling albums *Hysteria* and *Pyromania* catapult the heavy metalists to the 23rd position. Interestingly, though our list loses 6 music-related acts, 6 more have come aboard, keeping the number of such entertainers at 19.

The silver screen contributes 11 names, just over one-quarter of the list. On top of that heap is Steven Spielberg. The bearded producer-director had a big boost in earnings over last year, thanks mostly to the release of the *E.T.* videocassette. The alltime theatrical box-office champ, *E.T.* is selling equally well on videotape and should move over 15 million copies by year-end, enriching the already superrich Spielberg by another $70 million or so.

Also in the top 10 is ear-to-ear grinning Eddie Murphy. Murphy's distributor, Paramount Pictures, loves to talk about its tent pole theory. Simply, your tent is held up by certain massive poles. For Paramount these poles include having Eddie Murphy under contract, and having sequel rights to such hits as *Beverly Hills Cop I* and *II*. Murphy vehicles that have done nearly $600 million. Says entertainment lawyer Peter Dekom, "There isn't an air conditioner in the world big enough to cool him off."

Cinema stars Mel Gibson and Bill Murray join the ranks this year. Gibson's price tag leaped considerably after his movie *Lethal Weapon*. Gibson is now asking an astounding $10 million for future pictures. Ghostbusting Bill Murray debuts in the 25th spot this year. His Christmas tale *Scrooged* fared poorly at the box office, but Murray still collected all of the estimated $8 million he was guaranteed.

Hollywood's favorite Lakers fan, Jack Nicholson, was one of the biggest gainers from last year's list, more than tripling his earnings last year. Depending on how well *Batman* does theatrically overseas, and how well *Batman* merchandising sells, Nicholson could see the $26 million paycheck we've estimated easily inflate. In the meantime, Jack's wrapping up *The Two Jakes*, the *Chinatown* sequel, a movie for which he's both star and director.

Television? Though it is replete with multimillion-dollar earners, few TV personalities reach the golden circle. Only three of this year's members are primarily in television. Perennial late-night host Johnny Carson retains his ranking at the 12th spot, and new-

Rank 1989	Rank 1988	Star/age/occupation	Gross income 1989 ($million)	Gross income 1988 ($million)	Two-year total
1	1	**Michael Jackson**/31 *pop singer*	$65	$60	$125
2	3	**Steven Spielberg**/41 *movie producer, director*	64	41	105
3	2	**William H Cosby Jr**/52 *actor, comedian, author*	60	35	95
4	8	**Mike Tyson**/23 *boxer*	26	45	71
5	6	**Charles M Schulz**/66 *cartoonist (Peanuts)*	28	32	60
6	5	**Eddie Murphy**/28 *comedian, actor*	22	35	57
7	19	**Pink Floyd** *rock group (3 members)*	25	31	56
8	—	**The Rolling Stones** *rock group (5 members)*	44	11	55
9	14	**Oprah Winfrey**/35 *TV host, producer*	30	25	55
10	13	**George Michael**/26 *pop singer*	11	36	47

Rank 1989	Rank 1988	Star/age/occupation	Gross income 1989 ($million)	Gross income 1988 ($million)	Two-year total
11	20	**Julio Iglesias**/45 *pop singer*	$22	$24	$46
12	12	**Johnny Carson**/63 *TV host, producer*	25	20	45
13	34	**Jack Nicholson**/52 *movie actor*	34	10	44
14	4	**Sylvester Stallone**/43 *actor, writer*	38	6	44
15	9	**Madonna (Louise Ciccone)**/31 *pop singer*	23	20	43
16	21	**Sugar Ray Leonard**/33 *boxer*	28	14	42
17	10	**Arnold Schwarzenegger**/42 *movie actor*	35	6	41
18	7	**Bruce Springsteen**/39 *rock singer*	6	34	40
19	16	**Bon Jovi** *rock group (5 members)*	25	15	40
20	29	**Prince (Rogers Nelson)**/31 *pop singer*	20	16	36

TOP 40

Catch a falling star

Film and vinyl continue to be profitable mediums, but their mercurialness makes entertainers' fortunes fall as fast as they fly. Witness recording artists Whitney Houston, Sting and Tina Turner. Houston splashed onto the list two years ago with a two-year take of $44 million. The young diva's first two records sold some 30 million copies combined. Since then, Houston has all but fallen into obscurity, though her next album could bring the songstress back to pop's forefront. Then there's ex-Police man Sting. The British crooner seems more interested in saving rain forests these days than in making money. He drops from the list after holding the 28th spot last year. After a hit comeback record and follow-up world tour, Tina Turner danced her way to a two-year $25 million haul. The long-legged, leather-miniskirted 49-year-old falls off the list after grabbing the 24th spot last year.

Celluloid stars Paul Hogan and Bruce Willis bow off the list. Hogan reaped nearly $40 million from two *Crocodile Dundee* movies, but the blond Aussie has decided to give his acting career a rest, at least for the moment. And after shocking many in Tinseltown by bagging $5 million for his role in *Die Hard*, Willis opted to pursue a less than glorious career in recording. Exit stage left, fellas.

Sting

Whitney Houston

Paul Hogan

Tina Turner

Bruce Willis

ly sleek Oprah Winfrey talked her way into the top 10, with a two-year take of $55 million. But nobody comes close to America's best-sweatered TV personality, Bill Cosby. *The Cosby Show* went into syndication last year to the tune of $500 million. When *Cosby* reruns started airing last October, the cigar-smoking Cosby started receiving an estimated one-third of the syndication proceeds, or about $4 million per month.

Following are short vignettes describing how this year's Top 40 made their money. These were written by Greg Burks, Stuart Flack, Ian Hersey, Steve Kichen, Evan McGlinn, Peter Newcomb, Christopher Palmeri, Claire Poole, Joe Queenan, Eric Schmuckler, Peter Slatin and Jason Zweig. Research was compiled by Cynthia Crystal; the chart on pages 154-55 by Thomas Jaffe and Peter Newcomb.

Rank 1989	Rank 1988	Star/age/occupation	—Gross income— 1989 ($million)	1988 ($million)	Two-year total
21	11	**U2** *rock group (4 members)*	$20	$13	$33
22	—	**The Who** *rock group (3 members)*	30	2	32
23	—	**Def Leppard** *rock group (5 members)*	5	25	30
24	26	**Van Halen** *rock group (4 members)*	5	22	27
25	—	**Bill Murray**/38 *movie actor*	17	9	26
26	—	**Siegfried & Roy** *illusionists*	18	8	26
27	27	**Andrew Lloyd Webber**/41 *composer*	12	14	26
28	40	**Frank Sinatra**/73 *singer, actor*	14	12	26
29	32	**Grateful Dead** *rock group (6 members)*	13	12	25
30	15	**Jim Davis**/44 *cartoonist (Garfield)*	11	14	25

Rank 1989	Rank 1988	Star/age/occupation	—Gross income— 1989 ($million)	1988 ($million)	Two-year total
31	—	**Guns N' Roses** *rock group (5 members)*	$13	$11	$24
32	22	**Kenny Rogers**/50 *country singer*	13	10	23
33	30	**Jane Fonda**/51 *actress, exercise maven*	5	18	23
34	25	**Tom Selleck**/44 *TV and movie actor*	8	14	22
35	—	**Aerosmith** *rock group (5 members)*	9	12	21
36	—	**Rod Stewart**/44 *rock singer*	9	12	21
37	36	**Michael J Fox**/28 *actor*	10	10	20
38	33	**Steve Martin**/44 *comedian, actor*	8	12	20
39	23	**Stephen King**/42 *novelist, screenwriter*	10	10	20
40	—	**Mel Gibson**/33 *movie actor*	11	9	20

TOP 40

M. Carrara/Gamma-Liaison

Michael Jackson

MICHAEL JACKSON

Pop singer: $125 million

The indisputable reigning king of pop music, Jackson rakes in the dough even in off years like 1989. Though he's recorded only two albums in the last seven years, *Bad* (1987) and *Thriller* (1982) combined have sold some 60 million copies, earning him over $100 million. But the Gloved One also makes his money from other endeavors: Three videocassettes since 1983 have sold over 2 million units; his autobiography, *Moonwalk*, sold some 425,000 copies, making it a bestseller; the Beatles music catalog, which he bought in 1985, earns him an estimated $3 million a year; TV specials make Jackson millions more. Then there's the $9 million endorsement deal with Pepsi. At age 31, Jackson now insists he is giving up touring for good to pursue movies, among other things. But FORBES figures that Jackson has still got several hot concert dates in him.

STEVEN ALLEN SPIELBERG

Director/producer: $105 million

With *Jaws*, *E.T.* and *Raiders of the Lost Ark*, Steven Spielberg established himself as the hottest director of his generation. He has had a hand in four of the top ten grossing films of all time, the three above and the second Indiana Jones epic. But the aging boy genius is having trouble generating hits these days. His recent films, such as *Empire of the Sun* in 1987, have flopped, while Amblin Entertainment, his production company, has churned out a string of undistinguished and frequently unprofitable

Terry Ashe/Gamma-Liaison

Steven Spielberg

features (e.g., *Batteries Not Included*). Spielberg's only hits since 1984 have been either surefire sequels like this summer's *Indiana Jones* installment or the creative work of a former protégé like Bob (*Back to the Future*, *Who Framed Roger Rabbit*) Zemeckis. But Spielberg's star is still rising financially. He made nearly $70 million selling *E.T.* videotapes last year, and should reap $10 million more when *Roger Rabbit* comes out on tape this fall.

WILLIAM H. COSBY JR.

Comedian/author: $95 million

In the late 1950s Bill Cosby earned $5 a night doing his stand-up routine in a cramped Philadelphia basement club called the Cellar. These days Cosby, 52, is a one-man entertainment conglomerate. He'll earn some $60 million this year from records, videos, commercial endorsements, three bestselling books and the stratospheric success of *The Cosby Show*. It singlehandedly made NBC the number one television network and had local stations competing fiercely for the privilege of paying up to $365,000 an episode for reruns. Syndication fees from the show will bring him $167 million by March 1992.

Eddie Adams/Sygma

Bill Cosby

Michael Bavtoff/Black Star

Mike Tyson

MIKE TYSON

Boxer: $71 million

The youngest heavyweight champ in history, 23-year-old "Iron Mike" Tyson got his start slugging it out in Brooklyn, on East New York's mean streets. With 33 knockouts in 37 fights, the ferocious Tyson now reigns over a pitiful division, defending his title against fighters whose nicknames—Carl "The Truth" Williams, James "Bonecrusher" Smith—are fancier than their footwork. Tyson, who has hauled down some $71 million over the past two years, may be around for quite a while, but his entourage can't make that claim: Managers and trainers come and go, and Tyson's marriage to artiste Robin Givens lasted only a little longer than his average bout.

CHARLES MONROE SCHULZ

Cartoonist: $60 million

Thanks to his beloved "Peanuts" characters, Charles (Sparky) Schulz may be the most popular artist in the world. Schulz has also raised the business of cartooning to an art form. Launched in 1950, "Peanuts" remains the number one strip in syndication,

V. Kahana/Shooting Star

Charles M. Schulz

appearing in over 2,200 newspapers. Income from the cartoon, though, pales next to licensing revenues. Charlie Brown and the gang grace some 3,000 products worldwide, selling over $1 billion at retail each year and rolling up an estimated $30 million or so a year in royalties for Schulz.

EDDIE MURPHY

Comedian/actor: $57 million

At age 28, seven blockbuster movie hits, including *48 Hours*, *Trading Places*, two *Beverly Hills Cop* movies and *Coming to America*, have made Murphy Hollywood's number one box office draw. Murphy also has a song on the record charts with "Put Your Mouth on Me," his second hit single. His credits include actor, screenwriter, producer and, after the release in November of his new movie, *Harlem Nights*, director. Murphy's first regular television stint since *Saturday Night Live*, where he started, has been put on hold: CBS turned down his sitcom, *What's Alan Watching?*, part of a multimillion-dollar contract with the cash-rich network.

PINK FLOYD

Rock group: $56 million

Over the last two years this durable, two-decade-old but still flashy band has grossed $56 million from touring and record sales, with hypnotic albums like *Dark Side of the Moon*. Band members have come and gone, but masterful lead guitarist David Gilmour has held the act together, crafting the often ominous, surrealistic songs that are the themes for their imposing stage shows. Clearly, the refurbished Floyd has thrived under Gilmour's lead. Its 1988-89 North American and European tour grossed an estimated $135 million, and was highlighted by a floating concert extravaganza in Venice, which was televised in 20 countries.

Bonnie Schiffman/Onyx

Eddie Murphy

Frank Cam[illegible]/Retna

Pink Floyd

THE ROLLING STONES

Rock group: $55 million

One of rock 'n' roll's oldest, most successful groups *(see story, p. 154)*.

OPRAH WINFREY

TV hostess/producer: $55 million

The *nouveau svelte* actress-producer-host-documentarist-restaurateur lost 67 pounds on a well-publicized diet but grossed some $30 million in 1988. The main sources for her wealth: her top-rated syndicated talk show and her Chicago production company, Harpo Productions, Inc., which produces *The Oprah Winfrey Show* and other properties, including the well-received miniseries *The Women of Brewster Place*, from the Gloria Naylor novel. Winfrey is slated to move her talk show into her own $10-million-plus television and film studio next January. In the meantime, Winfrey enjoys playing hostess a couple nights a week at her Chicago restaurant, the Eccentric.

Scott Weiner/Retna

The Rolling Stones

Steve Granitz/Retna

Oprah Winfrey

GEORGE MICHAEL

Pop singer: $47 million

Despite his trademark tight jeans and two-day-old beard, Michael established a clean reputation in the teenage heartthrob band Wham! He then parlayed his debut solo album, *Faith*, with six hit singles, into a $30-million-plus jackpot last year. Promoters in Japan are trying to get the singer to perform live shows there. His Diet Coke endorsement deal paid him an estimated $3 million.

JULIO IGLESIAS

Pop singer: $46 million

Perpetually suave, tan and smiling, the Spanish-born balladeer has carefully cultivated his image as a jet-set libido bandito. This year he will per-

Chris Cuffaro/Visages

George Michael

TOP 40

Louie Psihoyos/Matrix

Julio Iglesias

Bob Berg/Gamma-Liaison

Jack Nicholson

Steve Sands/Outline

Madonna

form some 170 concerts to packed houses from Andorra to Vancouver. His relentless touring and ability to charm audiences in six languages have pushed worldwide album sales over the staggering 120 million mark. His next act: a perfume called Only.

JOHN W. CARSON

TV host/producer: $45 million

This year Carson celebrates his 27th anniversary as host of the *Tonight Show*—at one point said to account for 17% of the NBC network's profits, and still number one in its time slot opposite late-night newcomers Pat Sajak and Arsenio Hall. Carson recently renewed his *Tonight* contract for a single year, refueling perennial retirement rumors. The competition can only hope. Carson Productions, which is still up for sale, has been somewhat less successful in developing new television shows.

JACK NICHOLSON

Movie actor: $44 million

The son of an Irish sign painter from Neptune, N.J., he worked his way up from B movies to win two Academy Awards in 1975 and 1983. This year he cashed in big on the *Batman* bonanza, collecting an estimated $26 million paycheck for his villainous scene-stealing as the Joker, and a piece of the ubiquitous merchandising as well. Latest project: starring in and directing *The Two Jakes*, the sequel to the 1974 classic, *Chinatown*.

SYLVESTER STALLONE

Actor/writer: $44 million

Sly comes with a hefty price tag these days: He's getting $25 million up front for *Rocky V*. Stallone makes other movies, and money, through his White Eagle production company. Gross licensing revenues for Rambo toys and paraphernalia exceeded $300 million, of which he takes home an estimated 8% of wholesale. His various *Rocky* and *Rambo* movies have grossed over $700 million in North America. In recent interviews, Stallone has been trying to change his all-muscle, no-brains image, and to prove he's something more than monosyllabic. Uh huh.

Charles William Bush/Sygma

Johnny Carson

Mathew Rolston/Outline

Sylvester Stallone

MADONNA LOUISE CICCONE

Pop singer: $43 million

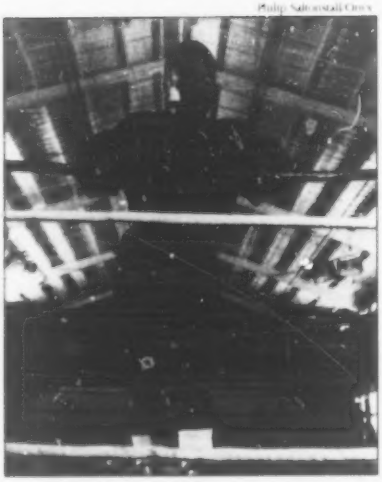
Her latest album, *Like a Prayer*, should sell over 10 million units by year-end. Madonna (yes, her real name) got $5 million to do a single two-minute spot for Pepsi, which promptly axed it in the U.S. in part because of protests from religious groups. An actress she is not: She was critically lambasted in her stage debut in David Mamet's *Speed-the-Plow* last year. But the money still rolls in for the self-proclaimed Boy Toy (also the name of one of her companies). Movies include the popular *Desperately Seeking Susan* and *Who's That Girl?*, a flop. She married photographer-punching actor Sean Penn and divorced him after four years. Madonna lately has been keeping company with Warren Beatty, her costar in the upcoming film *Dick Tracy*.

SUGAR RAY LEONARD

Boxer: $42 million

Articulate, boyishly handsome, with a quick, sharp fighting style, Leonard has become boxing's greatest moneymaker. He earned over $14 million in

Philip Saltonstall/Onyx



Sugar Ray Leonard

his recent split decision with Thomas "Hit Man" Hearns. His guarantee, at least $15 million in December when he faces Roberto Duran for the third time, will punch up his total take in his 12-year, 37-fight boxing career to more than $100 million. His investments? Conservative: Maryland real estate, tax-free municipal bonds, Treasurys and mutual funds.

ARNOLD SCHWARZENEGGER

Movie actor: $41 million

Five-time Mr. Universe and seven-time Mr. Olympia, the Austrian-born Schwarzenegger now lifts about $10 million from each film project, plus a chunk of the video profits. Since 1981 he's made almost one sweaty action epic a year, including *Conan the Barbarian, The Terminator, Commando* and *Red Heat.* His first comedy, *Twins,* out last Christmas, with Danny DeVito, grossed nearly $200 million worldwide. Besides his bodybuilding enterprises (contests, mail order), the University of Wisconsin graduate (in business) has become a real estate magnate of sorts in Santa Monica, Calif., where he has, at one time or another, owned or co-owned a lot of the buildings on the Main Street strip.

BRUCE SPRINGSTEEN

Rock singer: $40 million

A New Jersey bus driver's son—who once said he got into the rock 'n' roll business to meet girls—was relatively unknown until 1975 when his third album, *Born to Run,* catapulted him onto the covers of *Time* and *Newsweek* the same week. In 1984 *Born in the U.S.A.* his seventh and most successful record, yielded five top-ten hits—only the third album ever to do so. That album, with the tour, generated over $50 million. His songs of social protest notwithstanding, Springsteen hangs out with Wall Street types *(see story, p. 152).* Recently divorced from model/actress Julianne Phillips, he now has no trouble meeting girls.

BON JOVI

Rock group: $40 million

Bon Jovi's lead singer, teen heartthrob Jon Bon Jovi owes his huge success—over 25 million albums sold worldwide in three years—as much to careful marketing as to musical talent. As so-called heavy metal music became increasingly popular with the high school set, Bon Jovi crafted palatable hard rock for these mall-going masses. For his last two albums, the New Jersey-born singer had focus groups of teenagers preview new material and pick the songs they liked.

Neal Preston/Outline

Bon Jovi

PRINCE (ROGERS NELSON)

Pop singer: $36 million

As a new artist in 1977, Prince reportedly squeezed a record (for its time) three-album, $1 million contract out of Warner Bros. But he didn't really hit it big commercially until 1984 with his movie *Purple Rain,* which grossed some $75 million and featured a funk soundtrack that sold 14 million albums. His *Batman* soundtrack was a number one hit this summer and has so far sold almost 6 million copies worldwide. Prince is now a virtual one-man industry, with his

Greg Gorman/Gamma-Liaison

Arnold Schwarzenegger

Russell Turtak/Outline

Bruce Springsteen

Roger Sandler/Black Star

Prince

Arrow/Retna

Bono of U2

own record label, music publishing company and a $10 million recording and film studio near Minneapolis.

U2

Rock group: $33 million

Their sixth album, *The Joshua Tree*, two years ago produced two hit records and won this close-knit Irish band critical and popular acclaim, including a Grammy for album of the year and their mugs on the cover of *Time*. The follow-up double album, *Rattle and Hum*, a mishmash of new material, live versions of their old songs and other people's tunes, coincided with the release of a full-length movie of their 1987 tour. Result? Another multiplatinum album and one of the highest-grossing concert films ever. Last year U2 exercised their option to buy 10% of their record label, Island Records, which was recently sold for a reported $300 million.

THE WHO

Rock group: $32 million

The three original members of The Who—guitarist Pete Townshend, singer Roger Daltrey and bassist John Entwistle—are expected to gross $30 million or so from their 40-date, 25th-anniversary tour this summer. This reunion road show for the quintessential British rock band is the first since their 1982 "farewell" tour, but with one key difference: The money's much bigger. Another difference: The boys no longer bust up their instruments for their grand finale. No complaints, though, from the youngsters thronging the tour, many of whom weren't even born when Townshend began smashing guitars for a living.

Neal Preston/Outline

The Who

DEF LEPPARD

Rock group: $30 million

More than anyone, Def Leppard has enjoyed the fruits of MTV's success. Capitalizing on a raucous, mostly male audience, Def Leppard has established itself as one of the biggest and baddest heavy metal bands of the 1980s. Supported by glossy, high-energy music videos sporting considerable female leg and cleavage, their albums *Hysteria* and *Pyromania* have sold nearly 25 million copies combined. The band's tour last year brought in some $26 million, the nation's third-biggest draw.

VAN HALEN

Rock group: $27 million

Van Halen headlined last year's Monsters of Rock tour, the country's second-biggest road show (total gate, $27 million). Led by guitarist extraordinaire Eddie Van Halen, the band remains a staple for MTV and its heavy-metal-hungry viewers. Grinding out multiplatinum albums such as *OU812* and *5150*, Van Halen has become a dependable brand name in the ultra-loud metal music genre.

Daniela Scaramuzza/Shooting Star

Def Leppard

Deborah Feingold/Outline

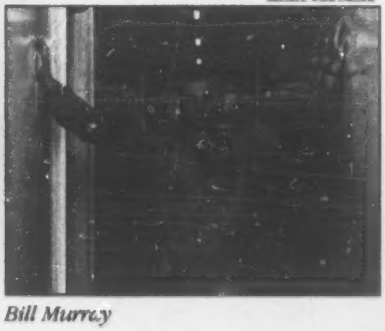
Van Halen

BILL MURRAY

Movie actor: $26 million

Like celebrity anarchists Chevy Chase, Dan Aykroyd and John Belushi, Bill Murray has mastered the art of posing as a nose-thumbing iconoclast while churning out assembly-line, post-prepubescent comedies. After a four-year stint on *Saturday Night Live*, Murray vaulted to the silver screen, where he's done everything from blockbusters *(Ghostbusters I, II)* to stink bombs *(Scrooged)*. A fine supporting player in *Tootsie* and *Little Shop of Horrors*, the balding Cubs fan parlayed his chaste talents into $26 million over the past two years. He was recently spotted on the streets of Brooklyn, where he is starring in and codirecting *Quick Change*, a comedy about inept bank robbers.

Barbara Wala/Outline



Bill Murray

Siegfried & Roy

Michael Bavtoff/Outline

Frank Sinatra

Gary Gershoff/Retna

Jerry Garcia of the Dead

SIEGFRIED & ROY

Illusionists: $26 million

Siegfried Fischbacher and Roy Horn are the ultimate Las Vegas magic show. Wearing sequined tuxes, they make an elephant disappear and frolic with toothsome chorus girl numbers. But a recent nine-month tour of Japan grossed over $60 million, and they have a $58 million contract with the new Mirage Hotel in Las Vegas. Known for their use of exotic animals, the German-born duo, naturalized last fall, live on a palatial Vegas estate with a compound for breeding their collection of rare white tigers, one of the largest in the world.

ANDREW LLOYD WEBBER

Composer: $26 million

Launched by the rock opera *Jesus Christ Superstar,* Andrew Lloyd Webber has single-handedly transformed the Broadway musical from an American staple to a British export business. He has dominated musical theater in the 1980s with a string of big empty spectacles: *Cats* has earned an estimated $60 million profit, while his reported 13% of *Phantom of the Opera*'s Broadway gross earns him $3 million a year. Other shows include the critically reviled roller-skating epic *Starlight Express* and the London hit *Aspects of Love.* His Really Useful Group is publicly traded in London (630 pence, not far from its 1989 high), but the big composing royalties are Lloyd Webber's alone, now and forever.

Theo Westenberger/Sygma

Andrew Lloyd Webber

FRANCIS ALBERT SINATRA

Singer/actor: $26 million

In the 1940s he was known as the Voice; these days some call him the Wallet. Sinatra was one of the first recording stars to have his own label, founding Reprise Records in 1961 (later sold to Warner Brothers). Nowadays Sinatra, though a bit long in the tooth and short in the voice, is crisscrossing the world with his Ultimate Event tour, featuring Sammy Davis Jr. and Liza Minnelli. Audiences still love it. The $20-million-plus that tour has racked up shows that whatever you call him, Sinatra is still the Chairman of the Board.

THE GRATEFUL DEAD

Rock group: $25 million

No sign of rigor mortis in the Grateful Dead—a quarter-century-old rock band that seems to be part social phenomenon and part religion. Deadheads, as their fans call themselves, can be seen taking notes at concerts on everything from the songs played to the clothes worn by the band members. Last year lead guitarist Jerry Garcia and his troupe did 80 concerts, including nine nights at Madison Square Garden—a record number of performances for the arena. Their latest album, *Built to Last,* is due out by Halloween.

JAMES ROBERT DAVIS

Cartoonist: $25 million

Since Jim Davis launched his "Garfield" the cat cartoon in 1978, it has become the second most widely read comic in the world (behind "Peanuts"), appearing in over 2,200 papers. The flabby blabby tabby has proved to be no slouch at licensing either: Total retail sales of Garfield products are nearing the $1 billion mark. As for Davis, an estimated $11 million in royalties this year makes him a pretty fat cat himself.

William Franklin McMahon

Jim Davis and Garfield

Eddie Malluk/Retna

Guns N' Roses

GUNS N' ROSES

Rock group: $24 million

Professional outlaw posers, Guns N' Roses specializes in calculated sexism, racism and homophobia *(see story, p. 152).* Their debut album, *Appetite for Destruction,* sold 12 million copies worldwide.

KENNY ROGERS

Country singer: $23 million

One of the first singers to successfully straddle the pop and country charts in the 1970s, Rogers remains a top earner thanks to a steady touring schedule and a keen eye for product endorsement deals. He has kept concert revenue up by focusing his 100 shows a year on smaller venues where he can charge higher ticket prices. Rogers recently completed a deal with K mart for a Christmas concert and television special promotion. Million-dollar product endorsements are nothing new for the man who three years ago negotiated a $17 million arrangement with Dole that included partial payment in Hawaiian real estate.

Dana Fineman/Sygma

Kenny Rogers

JANE FONDA

Actress, exercise maven: $23 million

Video remains the vehicle for Jane Fonda, whose "Complete Workout"—her tenth exercise tape—contributed an estimated $3 million to the fitness queen's video revenues this year. In addition to residuals from hit films like *On Golden Pond* and *China Syndrome,* Fonda's own production company is now grinding away. *Old Gringo* with Gregory Peck, an epic romance against the backdrop of the Mexican revolution, is scheduled for release Oct. 6. *Stanley and Iris,* with Robert DeNiro, is to premiere in December. Fonda collected about $3 million for her parts in those even before the cameras rolled.

TOM SELLECK

TV and movie actor: $22 million

After 162 episodes as television's *Magnum P.I.,* Selleck quit the tube for the silver screen and watched his salary rise from the $220,000 per episode of *Magnum* to an estimated $4 million for his new movie, *An Innocent Man.* But it was the Disney hit *Three Men and a Baby* (gross to date: more than $150 million) that validated Selleck as a film star. Disney's new Hollywood Pictures unit has signed him to a multiple picture deal: He will star in four features, then produce and develop other projects. One possibility: *Three Men and a Little Lady,* an inevitable sequel.

Mary Ellen Mark/Visages

Jane Fonda

Jeff Slocomb/Outline

Tom Selleck

AEROSMITH

Rock group: $21 million

After a sizzling beginning in the mid-1970s, the hard-driving, hard-rocking band disintegrated into overindulgence. Now rehabilitated and reformed, they are among the major comebacks of rock 'n' roll, having signed with Geffen Records. 'Smith's 1988 tour was one of the year's biggest, thanks in large part to a monster of an opening act named Guns N' Roses *(see p. 152).* Led by Mick Jagger clone Steven Tyler, Aerosmith has just released a new album, *Pump,* and plans to tour later this year.

RODERICK DAVID STEWART

Pop singer: $21 million

Since 1968, when he began as lead singer for the Jeff Beck Group, Stewart has been one of rock 'n' roll's most prolific artists. Fifteen solo albums, eight world tours, some 30 hit singles

Michael Montfort/Visages

Aerosmith

Ruby/Retna

Rod Stewart

Terry O'Neil/Sygma

Steve Martin

Ted Thai/Sygma

Stephen King

including "Maggie May" and his biggest, 1978's "Do Ya Think I'm Sexy," and 21 years later Stewart consistently sells out arenas and churns out smash hits. This year was no exception: His latest album, *Out of Order*, with four hit singles, has already sold over 4 million copies worldwide. Stewart's recently finished, 14-month North American tour pulled more than $50 million.

MICHAEL J. FOX

Actor: $20 million

Fox is a leading teen heartthrob thanks to the hit sitcom *Family Ties*, where he played an eager young capitalist. But the diminutive actor has yet to prove he's a consistently bankable movie star, having participated in bombs like *Light of Day* and *Bright Lights, Big City*. Despite considerable hype, the box office has been slow on his latest, the Brian DePalma Vietnam bloodbath, *Casualties of War*. But the money rolls in nonetheless: an estimated $2 million a year for Pepsi commercials and $3 million for each of two sequels to his 1985 smash *Back to the Future*. His future: more movies in a multiyear production deal with Paramount.

Theo Westenberger/Sygma

Michael J. Fox

STEVE MARTIN

Comedian/actor: $20 million

Steve Martin continues to break the rules and the bank. Not content with recycling his "wild and crazy guy" stand-up shtick, Martin takes unexpected roles, like the Cyrano-nosed fire chief in 1987's *Roxanne*. In his latest, Ron Howard's *Parenthood*, Martin gives an emotionally mature turn as a troubled father and ignored son—and he's still hilarious and unpredictable. While more standard flicks like *Dirty Rotten Scoundrels*, with Michael Caine, and *Planes, Trains and Automobiles*, with John Candy, helped bring in the $20 million Martin has earned in the last two years, movies like *Parenthood* and *Roxanne*—summer sleepers both—are what keep folks watching.

STEPHEN EDWIN KING

Writer: $20 million

In the early 1970s, after one rejection slip too many, Stephen King threw out the beginnings of his first novel. Good thing his wife retrieved it. Published in 1974, *Carrie* sold over 4 million copies. Since then, the former teacher has become the master of the macabre, with over 20 bestsellers and some 80 million copies in print, including some under a pen name so as not to flood the market. In January he signed a four-book contract said to be worth around $35 million. He writes almost every day in his 23-room, 130-year-old house in Bangor, Me.

MEL GIBSON

Movie actor: $20 million

With smoldering good looks that prompted *People* magazine to dub him "the sexiest man alive," the Australian-bred Gibson has watched his salary explode with his stardom. Following the postnuclear action thriller *Mad Max*, which got him noticed in the U.S., the success of 1987's *Lethal Weapon* catapulted Gibson's salary to above an estimated $6 million per picture, plus profits. *Lethal Weapon II*, among the summer's biggest hits, has already grossed more than $125 million. His recently formed company, Gibson Productions, is already working on its first project, the screen adaptation of Kati Marton's wartime biography, *Deadline Salonika*, with guess who in the lead.

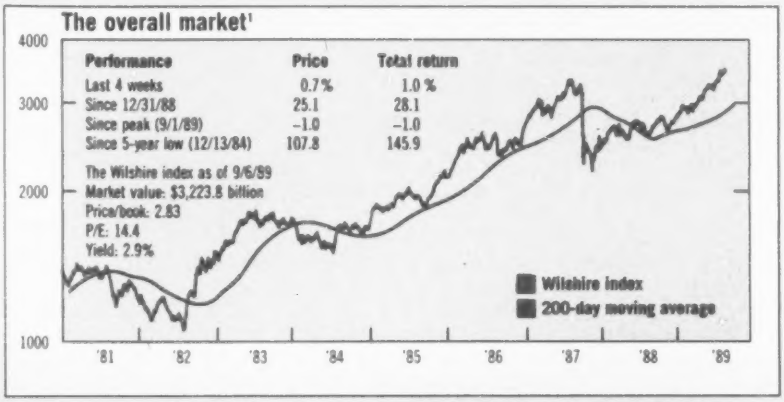
Greg Gorman/Gamma Liaison

Mel Gibson

The Forbes Wall Street Review

Edited by Eric S. Hardy

The Wilshire index and the Dow industrials are up 25% this year, while Morgan Stanley's EAFE index of foreign stocks (translated into dollars) is down 1%. Fund manager John M. Templeton still sees values in every foreign market save Japan's; back in the U.S., Templeton finds the emerging growth sector especially cheap. The recent Wall Street rally appears to have been driven by institutional investors. In the past two weeks the Avner Arbel index of stocks with heavy institutional holdings rose 2.3%, while stocks held by individuals gained just 0.8%.



Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,424.72	1.4%
Wilshire index 6,000 stocks, equal weighted	23.04	1.8
Dow Jones industrials 30 stocks, divisor-adjusted price average	2,719.79	1.6
S&P 500 Capitalization weighted cross-section, major stocks	349.24	1.3
NYSE Capitalization weighted, all listed common stocks	194.18	1.2
Amex Capitalization weighted total return stocks, warrants	382.87	1.4
Nasdaq Capitalization weighted, all issues except warrants	468.25	1.6
Amex international market index Capitalization weighted, 50 largest ADRs	318.60	-3.5

Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[2] (EAFE) a dollar denominated capitalization weighted index	953.30	-2.5%
Institutions[3] Approximately 200 stocks with high institutional ownership	125.02	2.3
Individuals[3] Approximately 200 stocks with low institutional ownership	113.80	0.8
Technology Hambrecht & Quist index	265.51	1.1
Gold[4] (Comex spot, per ounce)	$361.10	unchanged
Yen[4] (per $U.S.)	146.66	2.0
Commodity index[4] (1967 = 100)	225.84	1.2
Oil[4] (W Texas intermediate)	$19.41	4.9
T Bills[4] (90 days)	7.78%	-51 basis points[5]
Broker loan rate[4]	10.00%	unchanged

The Best Performing Stocks

Company	Price	2-week change	P/E	Reason
Mylan Labs	14⅛	51%	30	FDA takes competitor's generic product off the market
Weltman	36½	25	25	Analysts like company's pending acquisition of Fiber Industries
Shane Group	36½	23	19	Heavy stock buying by brokerage house Mabon Nugent
Harnischfeger Inds Intl	20½	17	16	Reported strong earnings for period ending 7/31/89
Beebek Intl Ltd	16¼	15	13	Analysts are optimistic about company's toll line, Nidder Peabody issues buy recommendation

The Worst Performing Stocks

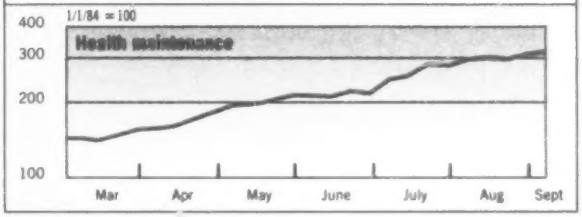
Company	Price	2-week change	P/E	Reason
Pep Boys Manny Moe & Jack	13½	-14%	19	Strong growth record stalled by weak second-quarter earnings
Prime Computer	10¾	-14	NA	JH Whitney's $20-per-share tender offer oversubscribed
American Barrick Resources	22¼	-13	41	Price of gold continues to lag because of low inflation
Wang Labs 'B'	5½	-12	NA	Announces fiscal 1989 loss, including restructuring charge of $234 million.
Meridian Bancorp	23	-10	10	Made $18-per-share bid for troubled First Pennsylvania

Note: All data for periods ending 9/6/89. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above all have market capitalizations of $500 million or more. [1]Capitalization weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2]Morgan Stanley Capital International Perspective. [3]A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [4]Knight-Ridder Financial Information. [5]A basis point is equal to one-hundredth of a percentage point. NA: Not applicable.

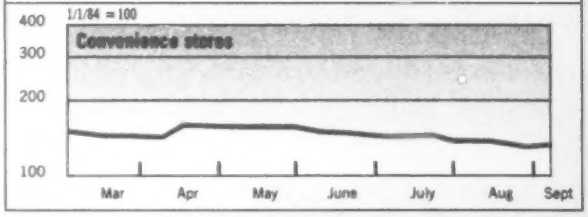
Industry Review

Edited by Gilbert Steedley

Best industry last 6 months



Worst industry last 6 months



Of the 197 industries tracked by *Investor's Daily*'s database, the health maintenance group had the best six-month price performance. (The 5 largest of the 11 companies in this group are listed below.) Sierra Health Services, which has nearly trebled since Mar. 3, 1989, was this group's outstanding stock. The prepaid health provider showed higher earnings through the first half of this year.

The airline sector was the second-strongest performer over the half year. It was boosted by the NWA deal, bids for UAL and speculation about AMR. Despite the battle for Time Inc., and Playboy Enterprises' 37% gain, magazine stocks were one of the weakest groups over the last six months. Convenience stores and specialty building products also fell out of favor.

Leading Industries

Health maintenance

Company	Relative rank EPS	Relative rank price	Recent price	6-month price change	P/E
US Healthcare	41	96	$13	52%	38
FHP Intl	91	98	41	91	21
Pacificare Health Sys	85	99	25	170	37
United Healthcare	92	98	12	60	NA
Sierra Health Svcs	92	99	7	195	NA

Transportation and airlines

Company	Relative rank EPS	Relative rank price	Recent price	6-month price change	P/E
AMR	85	93	$90	53%	10
UAL	91	99	287	141	16
Delta Air Lines	94	87	80	42	9
Texas Air	29	92	21	57	NA
British Airways Plc	46	51	33	–3	8

Food and sugar refining

Company	Relative rank EPS	Relative rank price	Recent price	6-month price change	P/E
Savannah Foods & Indu	97	95	$39	73%	15
Redpath Industries	72	87	17	48	15
Imperial Holly	71	96	27	77	6
BC Sugar Refinery	59	66	16	11	8
American Fructose Cl A	99	96	20	122	10

Lagging Industries

Convenience stores

Company	Relative rank EPS	Relative rank price	Recent price	6-month price change	P/E
Circle K	56	12	$11	–31%	51
Nati Convenience Stores	25	32	8	–14	NA
Silcorp Ltd Cl A	14	20	12	–18	NA
Dairy Mart Cl B	15	51	12	28	43
Casey's General Stores	50	10	9	–19	15

Publishing—magazines

Company	Relative rank EPS	Relative rank price	Recent price	6-month price change	P/E
Time Warner	57	76	$137	26%	28
Meredith	77	57	36	15	21
Playboy Enterprises	9	80	17	37	NA
Trimol	16	25	2	–14	9
National Lampoon	67	28	4	–21	16

Building products

Company	Relative rank EPS	Relative rank price	Recent price	6-month price change	P/E
Morgan Prods Ltd	24	26	$15	4%	46
Dallas	75	42	16	2	12
Intl Aluminum	49	29	27	–1	9
AMRE	54	9	7	4	66
Premdor	48	93	5	68	14

Industries are ranked from 1 (highest) to 197 (lowest) based on the equal-weighted price performance of the companies within the industry group. Relative EPS ranks a company's earnings-per-share growth in the last 2 quarters, the last 5 years and the stability of that growth. Relative price ranks a stock's daily price change over the last 12 months. For both measurements, stocks are compared with all other stocks and ranked on a scale of 0 to 99, with 99 the highest. Industry group performance is based on 6-month equal-weighted price changes with most recent 3-month results weighted 70%. NA: Not applicable. Note: All data for periods ending 9/1/89.

Source: Investor's Daily, Los Angeles, Calif.

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A NEW SURVEY: THE HIGHEST PAID LAWYERS IN AMERICA

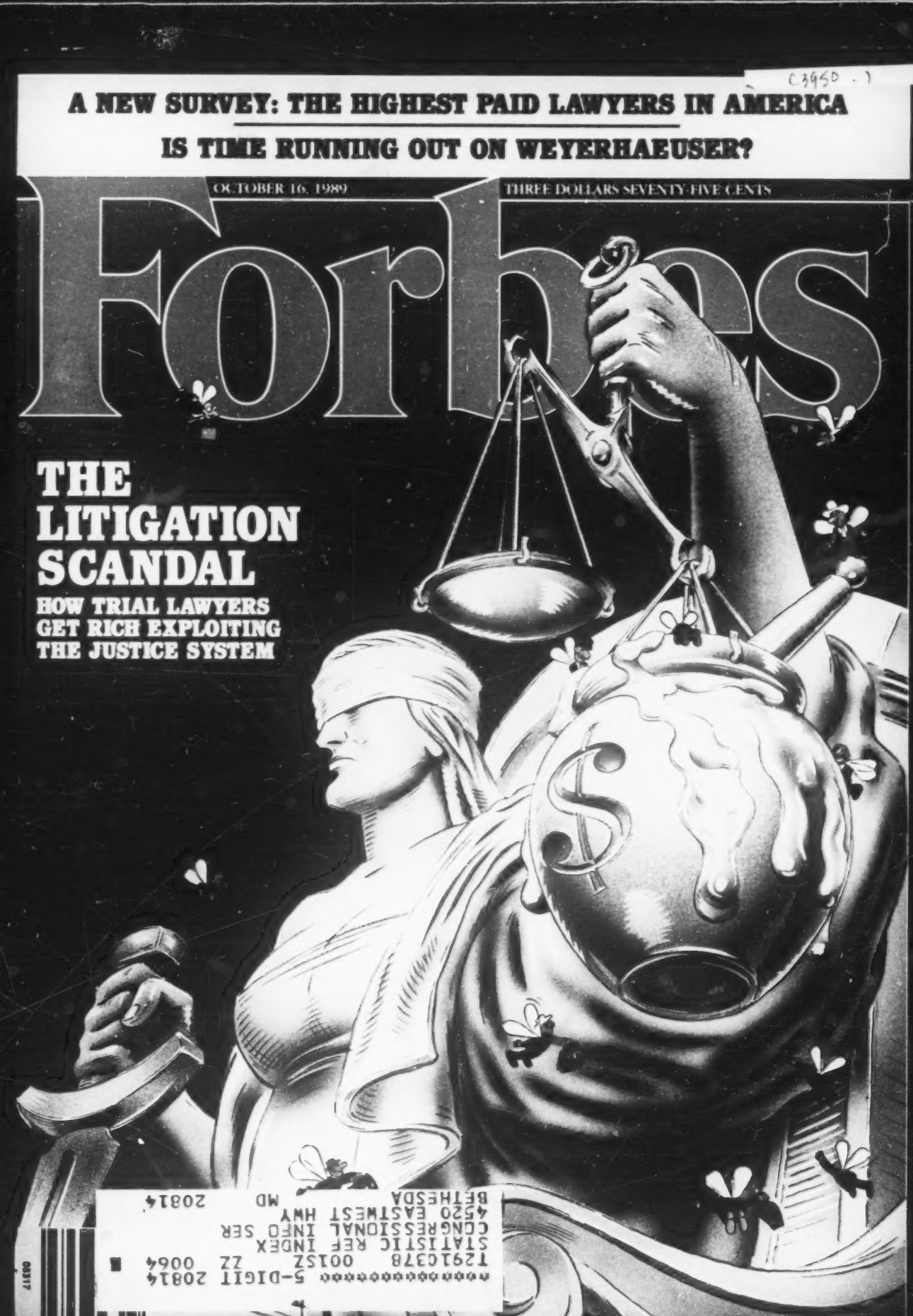
IS TIME RUNNING OUT ON WEYERHAEUSER?

OCTOBER 16, 1989 THREE DOLLARS SEVENTY-FIVE CENTS

Forbes

THE LITIGATION SCANDAL

HOW TRIAL LAWYERS GET RICH EXPLOITING THE JUSTICE SYSTEM



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Cover Illustration by Robert Grossman

Forbes

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NUMBER 8

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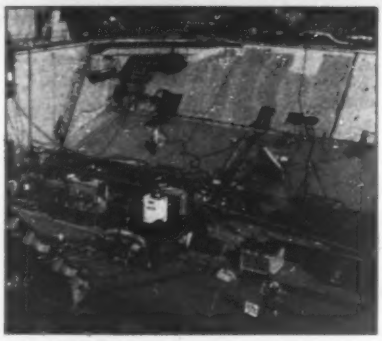

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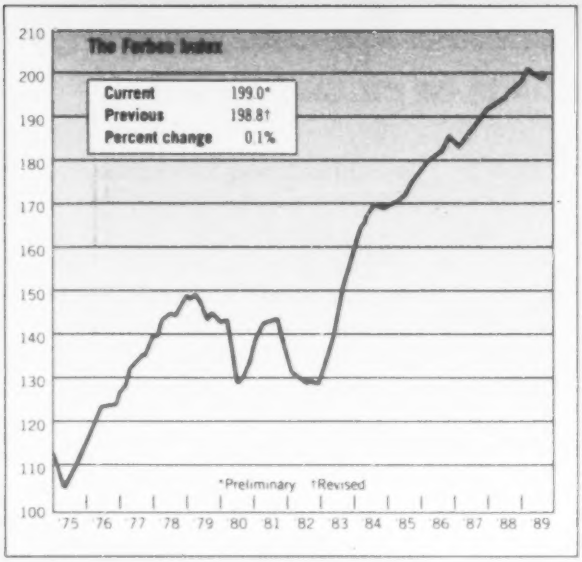
The Forbes Index



June was better, July was worse than originally reported. The government revised the June and July figures for industrial production, retail sales and new housing starts. Retail sales, for instance, rose 0.5% from June to July instead of the initial figure of 2%. Result: The Forbes Index ended June with a 0.1% gain and July, a 0.4% loss.

Thanks to a sharp decline in gasoline and apparel prices, the unadjusted Consumer Price Index for August matched July for the smallest increase so far this year, 0.2%. (The seasonally adjusted CPI showed no gain in August.) Despite encouraging inflation and employment data, the home building business remains depressed.

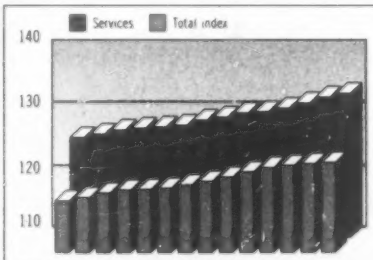
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.5%
Auto sales[1] year to date vs. 1988	Ward's Automotive	-3.9%
Index of leading indicators July vs. June	Dept. of Commerce	0.2%
Trade balance last 12 months	Dept. of Commerce	-$112 bil
Producer price index[2] August vs. 1988	Dept. of Labor	4.2%
GNP 2nd quarter vs. 1st—annualized growth	Dept. of Commerce	2.5%

[1]U.S. based manufacturers only as of 9/10/89. [2]Finished goods.

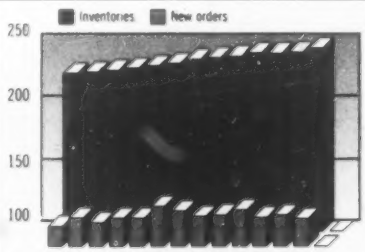
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

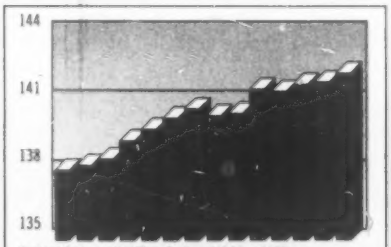
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



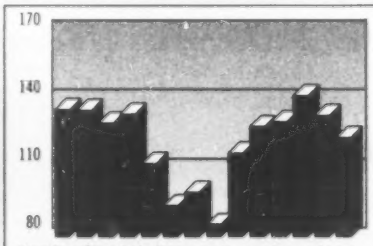
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



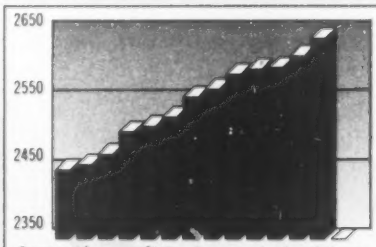
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



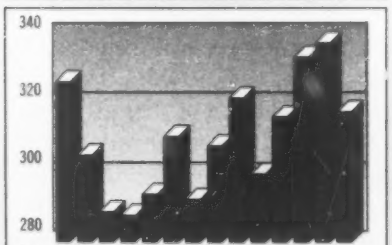
Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)



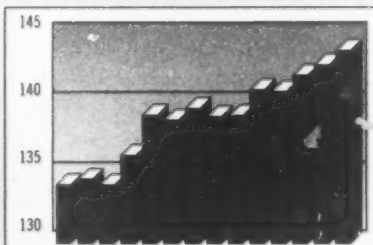
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



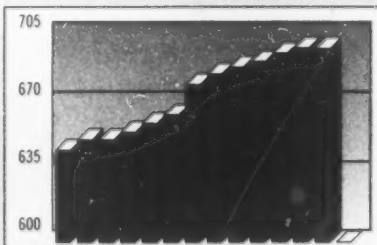
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

You've heard about those crazy damages suits, those huge awards, the insurance rates crunch. Well, it's an ill liability crisis that blows no one any good—$10 billion a year's worth.

The plaintiff attorneys' great honey rush

By Peter Brimelow and Leslie Spencer

Illustrations by Robert Grossman

"We are freedom fighters. We all consider ourselves social engineers. . . . We are crusaders of good. None of us do it for the money, what we are paid is coincidental."—That's Ned Good speaking, Pasadena plaintiff attorney, member of the Inner Circle and on FORBES' list of the highest-earning attorneys in the nation. Good was reluctant to discuss how much money he coincidentally makes in the course of his crusade, but FORBES estimates it's almost certainly more than $3.5 million a year.

Roll over, Wall Street. Meet the real champions of the great American greed game: the plaintiff attorneys—lawyers who specialize in suing.

Top moneymaker in 1988, according to FORBES' count *(p. 204)*, was Houston's Joe Jamail. He made most of his $450 million—our conservative estimate; it could be as high as $600 million—by inducing Texas courts to accept the questionable theory that Pennzoil had a binding contract to buy Getty Oil even though there was nothing on paper. His victim, Texaco, the country's third-largest oil company, was forced into bankruptcy. But Jamail received only a fraction of the publicity Mike Milken got for the $550 million he made with Drexel Burnham back in 1987.

Jamail is merely the most spectacular example to date of a powerful emerging trend. The 62 other plaintiff attorneys on FORBES' list all made above $2 million in both 1987 and 1988. And FORBES has identified at least 15 more $2-million-a-year-plus suspects, with another 50 in the $1-million-to-$2-million range. Then there are the other 53,000 plaintiff attorney members of the Washington, D.C.-based Association of Trial Lawyers of America (despite its name a plaintiff attorneys' lobby: Defense lawyers are eligible only for nonvoting membership). Given the windfall nature of the attack-lawyer business, any of them might strike it rich with a single case.

One measure of the money flowing to plaintiff attorneys: Yeshiva University's Cardozo School of Law Professor Lester Brickman estimates that their total income from contingent fees—their share of the settlement, apart from their expenses—"exceeds $10 billion."

And their boodle is growing rapidly. The top moneymakers on FORBES' list typically said that they've been hitting the big numbers only for the last decade.

Unlike Wall Streeters, plaintiff attorneys don't have to worry about the stock market's swings. They mostly didn't bother with high-priced Ivy League law schools—in fact, they often say they "didn't learn a thing about practicing law in law school." Walter Umphrey *(see list)* even told FORBES that he had trouble graduating from Southern Methodist University, which he attended on a football scholarship, because of "a deficiency in English." But he has no deficiency in income: $14.5 million in 1988.

Why has a single, relatively obscure corner of U.S. legal practice created so many million-dollar incomes?

It's a "fearful concatenation of circumstances," to quote a famous early American trial lawyer, Daniel Webster. In one of those institutional accidents that occasionally happen in a structured but dynamic society, the checks and balances that normally restrain an organized interest group have failed, creating an opportunity to hold the rest of the economy to ransom. Other recent examples: stockbrokers in the 1960s, who were able to make institutional investors pay full commission rates because stock exchange rules forbade volume discounts; airline pilots in the 1970s, whose powerful unions extorted stratospheric salaries out of an industry straitjacketed by regulation.

How has this happened?

The essential mechanism is simple. Two distinctively American phenomena have interacted: the contingent fee system and the "liability crisis," the explosion of litigation and awards that has occurred during the last 30 years in the previously sleepy area of tort law—the law of accidents and personal injury. Both have been historically unknown in other common-law jurisdictions, such as Britain. And plaintiff attorneys there are a lot poorer.

A startlingly large part of the recent massive damage awards goes to the lawyers. Plaintiff attorneys commonly

insist on a contingency fee of 33% to 40%. Plus they get expenses—whatever has been spent to litigate the case. The actual outcome varies among the different classes of tort. But, for example, the Rand Corp.'s Institute for Civil Justice has estimated that in the asbestos claims settled in the early 1980s, plaintiff attorneys' fees and expenses amounted to some 70 cents for every dollar that the injured parties received.

And by one estimate the asbestos industry's liability may be anywhere from $7.6 billion to $87 billion.

Why has this happened?

The lid was knocked off the honey pot in the last 30 years by judges arbitrarily deciding to rewrite the law (FORBES, *June 1, 1987*). The plaintiff attorneys are swarming to the sweet stuff like flies. But for the plaintiff attorneys, their new wealth has meant power. Those swarming flies are now rocking the pot to spill more honey out—and buzzing angrily at anyone who interferes.

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Plaintiff attorneys buzz particularly angrily at talk of the litigation explosion.

"We have been told that Americans are the most litigious people in the world," writes the celebrated Wyoming-based plaintiff attorney Gerry Spence in his 1989 book *With Justice for None: Destroying an American Myth* (Times Books). "Yet, per capita, there are no more suits today than there were in 1959, and the amount of the mean verdict, $8,000, has remained nearly constant since that year after adjustments for inflation have been calculated."

This is the sort of argument that makes the innocent observer suspect trial lawyers. On investigation, the Rand study that Spence cites turns out to be based on the single experience of Cook County, Ill., between 1960 and 1979 only. Although the overall number of civil jury trials was only slightly higher at the beginning and the end of the period, within that number there was rapid growth of nonautomobile torts. And Spence has confused the *mean* (arithmetical average) financial award with the *median* (half higher, half lower) award. The mean rose sharply—because the largest awards were increasing dramatically.

Subsequent studies show these trends have continued. The bulk of tort filings and awards, routine personal injuries such as automobile cases, are growing at a stable rate. But malpractice and product liability filings and awards are sharply higher than three decades ago *(see charts)*. Inflation-adjusted average awards in Rand's sample of business/contract tort litigation were up 9,100% between 1960 and 1984. (Awards can be reduced on appeal, but they have a pervasive effect because they serve as a benchmark for all settlements.) Overall, plaintiffs are winning more frequently and getting more.

And this may not be the whole story. "The real amounts being transferred in the channels of commerce are much greater than any statistics will show," says James Sales of Houston's Fulbright & Jaworski, who was local lead counsel on Texaco's unsuccessful appeal against Pennzoil. Sales says that many cases are now settled before being formally filed—and that recent settlements have actually exceeded comparable jury awards because defendants "are scared to bet the company anymore."

FORBES' conclusion about the litigation explosion: All that plaintiff attorney honey is coming from somewhere.

FORBES' conclusion about Gerry Spence: difficult, because he refused to talk to us on the grounds that we work for "the new oligarchy—namely corporate America." ("The last guerrilla fighters in the country are the trial lawyers.") But he's probably stuffing some $1.5 million a year into his bandolier.

A man is injured after he deliberately throws himself in front of a New York subway train. He sues the city, alleging the driver should have stopped faster, and wins $650,000.

Another example: Spanish-speaking farmhands in Texas accidentally kill a prize bull with pesticide because they couldn't read the warning label. Their employer sues the manufacturer and is awarded $8.5 million, including $7 million of punitive damages. Later, the case settles out of court.

But these judicial atrocities are just the culmination of a step-by-step process that began in theoretical arguments among legal intellectuals in law schools and on the bench some 30 years ago—a classic demonstration that ideas do have consequences. FORBES columnist Peter W. Huber, author of *Liability: The Legal Revolution and its Consequences* (Basic Books) and himself a lawyer and engineer, calls the men who started the process—including William Prosser of Hastings College, John Wade of Vanderbilt University Law School, Roger Traynor of the California Supreme Court—"the Founders." Judges under their influence overthrew the common law of tort as it had developed over six centuries. The chaos that has replaced it has been highly profitable to the plaintiff bar.

For example, before the 1960s, damages could generally be collected only under a number of fixed conditions—if the defendant was actually at fault, if the plaintiff had not contributed to the accident, if the plaintiff had not voluntarily assumed obvious risk and so on. Private contracts, which covered most transactions, were considered inviolate. But gradually, judges undermined these conditions. Defendants, particularly if they are perceived to have "deep pockets," have begun to find they run the risk of losing lawsuits even if their involvement is minimal. Even the most specific contracts to the contrary are ignored.

"In a nutshell, the law now says 'Be careless, get paid,'" summarizes Victor E. Schwartz, a partner with Washington, D.C.'s Crowell & Moring and a tort reform lobbyist.

Similarly, judges have allowed a proliferation of evermore-ingenious damage claims. Formerly, damages were primarily a question of compensating the plaintiff for out-of-pocket costs, like medical expenses. Now nonmeasurable damage claims like "pain and suffering," "loss of consortium" (a spouse's company) and "mental anguish"

have burgeoned. And "punitive" damages in product liability cases, upheld only three times in the first 200 years of U.S. history, have become an epidemic. Even compliance with federal regulatory standards does not protect defendants against them.

"Since the 1960s, courts have become more political," says Schwartz. "Also, there is a feeling on the part of judges that the U.S. is behind in not having a comprehensive social welfare system. Tort law has become a system of social insurance."

Judges opened the honey pot because they wanted to redistribute the wealth. Plaintiff attorneys want to help. Partly, plaintiff attorneys help to keep the honey flowing by sheer relentless pressure. They are intensely motivated to come up with new moneymaking gambits.

Would you believe "hedonic damages"—the value an accident victim would have placed on his future happiness in addition to his loss of earnings, pain and suffering, his spouse's loss of consortium, etc., etc.? How about "posthumous pain and suffering"? New York's Robert Sullivan (FORBES' income estimate: $1.4 million) once won $1.5 million in extra damages for the four seconds in which a truck accident victim burned to death ("We got doctors to testify his brain exploded"). Or the Big Apple Pothole Corp.—a private pothole census founded by Manhattan plaintiff attorney Fred Queller (FORBES' income estimate: $1.25 million) to counter New York's attempt to restrict its liability only to accidents involving potholes of which it had been informed.

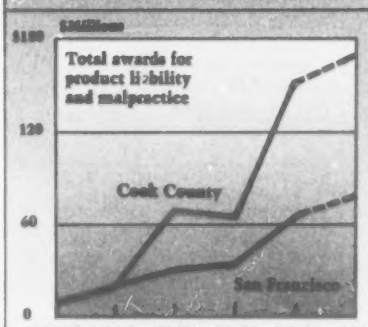
Quantity counts as well as quality. A plaintiff attorney firm often has few principals and many support staff because much of its litigation can be mass-produced boiler-plate, sometimes designed simply to overwhelm the defense. (These can be class actions, another feature of the "legal revolution," but plaintiff lawyers prefer filing individual suits en masse: Class action fees can be limited by the judge.) This mass production, presumably, is how Melvin Belli ($2.5 million) came to file a claim in the Dupont Plaza Hotel fire case on behalf of an injured woman's husband, who had been dead for years.

And the flies' campaign to rock the honey pot is helped by its accumulating financial momentum. For example, monies won by plaintiff attorneys against the Dalkon Shield contraceptive case went directly to finance further lawsuits against other (and safer) contraceptives and morning-sickness drugs.

A more complex factor: the disintegration of the traditional code of legal ethics. In his book on the litigation explosion due next year from E.P. Dutton, Manhattan Institute Senior Fellow Walter Olson argues that the "legal revolution" has also seen the effective erosion of long-standing rules against barratry (inciting clients to litigate). "The old rules told lawyers to sit around passively and wait for business," says Olson. "The new rules encourage them to recruit clients, stoke their grievances and run the suit for maximum dollar output."

Growth Industry

Few things have risen as relentlessly as tort case awards. The dotted lines are projections, based on prior trends, in these two active markets.



* FORBES averaged trend.
Source: Derived from studies by The Institute for Civil Justice, The Rand Corp.

The traditional code was enforced partly by statute and judicial rulings, but also by consensus within the profession. Now, however, many plaintiff attorneys are openly hostile to its restraints. This year John O'Quinn (number 8, $8 million) justified his hiring nonlawyers to solicit clients on the grounds that this "case running" should be legalized in Texas. An attempt to disbar him failed.

But the plaintiff attorneys' most important leverage on the honey pot is provided by their interlocking relationship with two key groups: judges and politicians.

The fellow-feeling between lawyers and judges is one of the more obvious facts of life. So obvious that some years ago a judge admitted frankly in an opinion that invalidating contingent fees was "an unpleasant task for courts, especially this one, for it has practiced law for so long in the vineyard before coming to the bench and recognizes the difficulties of maintaining a law office. . . . " Symbolically, New York's Jacob Fuchsberg, ex-president of ATLA and founder of its magazine *Trial*, spent some years as a judge on New York's Court of Appeals before returning to his vineyard (no FORBES vineyard estimate, but he says it's a "multimillion-dollar" one).

In some states, and at the federal level, judges are appointed. But the American Bar Association rating system, which has become a crucial test for judicial nominees, is weighted toward trial experience—even for appellate courts, although they focus exclusively on points of law. This obviously favors both the plaintiff and defense bars over corporate lawyers and legal academics.

Where judges are elected, the role of the plaintiff attorneys has become notorious: campaign contributions. In Texas, the fundraising drive supported by Joe Jamail and Pat Maloney ($6 million) was so successful that, according to one Texas attorney, "until last year the plaintiff bar owned and controlled the Texas Supreme Court." And Maloney is confident that 1988's election reversal will be corrected in 1990: "We are resilient, and we will bounce back."

It is another obvious fact of life that many politicians are lawyers. Sixty out of 100 U.S. senators and 186 out of 435 House members have law degrees. At least 48 senators and 161 House members have been practicing lawyers, including majorities on both Senate and House Judiciary Committees. Perhaps the most significant: Senator Ernest Hollings (D–S.C.), a trial attorney and a founder of ATLA's predecessor, now chairman of the Senate Commerce Committee, where he is ideally placed to stop tort reform legislation.

ATLA has given money to 1,485 Congressional Democrats and 656 Republicans since 1977. In 1987-88, it disbursed $3.9 million. And this doesn't include plaintiff attorneys' individual contributions.

"They're a highly focused lobby," says tort reform lobbyist Victor Schwartz ruefully. "They've *never* lost on an issue before Congress."

Plaintiff attorneys are also intimately involved with state politics. "I am on a first-name basis with all the

legislators from Dade County," boasts Miami's J.B. Spence ($2.5 million). Corpus Christi's William Edwards says that he and partner David Perry (each $2 million) have spent a total of seven months in the past two years with the state senate in Austin drafting legislation during tort reform battles.

The legislative influence of trial lawyers may extend far beyond such obvious causes as blocking tort reform and attempts to cap damages and restrict contingent fees. Some observers suspect it in the chronic vagueness of many recent statutes, whose meaning must be fought out in litigation. Two other legislative habits that make life nicer for plaintiff attorneys, particularly in the environmental, civil rights and regulatory areas: provision for paying fees of attorneys suing the government—not merely if they win but sometimes even if they just raise a "novel legal argument"—and the provision for private causes of action, so that private individuals can sue to ensure compliance with the law.

This species of forensic vigilantism has attracted Herb ("I'm the best damn lawyer in America—I take shit cases and turn them into gold") Hafif. Hafif (number 2, $40 million) says he has invested around $4 million to $5 million from his practice, primarily personal injury, in prosecuting whistle-blower cases against defense companies as permitted by recent legislation. His aim: "to clean up the defense industry."

Plaintiff attorneys take lobbying seriously. ATLA has equipped itself with top professionals: Washington lawyer Tom Boggs ($1.6 million on FORBES' corporate lawyer list), son of former Democratic Majority Leader Hale Boggs and Representative Lindy Boggs (D–La.); and Republican-linked consultants Timmons & Co.

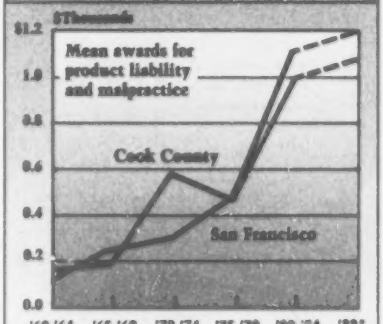
Lobbying in a broader sense, the plaintiff attorneys also have a self-described "public interest arm": the three-lawyer, $650,000-a-year Trial Lawyers for Public Justice. TLPJ's mandate is apparently to boldly go where no plaintiff attorney has gone before. It pursues both quixotic liberal causes, such as the Christic Institute's RICO suit alleging that a "secret team" of conservatives and ex-intelligence officials mixed drug-running with aid to the Nicaraguan contras; and also ingenious but marginal litigation theories, such as the claim that automakers are liable for crash injuries since the invention of airbags because they have not made them standard.

One student of plaintiff attorneys believes their most effective lobbying is done for them. "They're no-see-ums," complains Victor Schwartz, comparing plaintiff attorneys with the microscopic but painful Vermont bug. "What you see is Ralph Nader."

Nader, after eight years, is back on the inside," headlined the *New York Times* this spring after Nader attended a White House signing ceremony for a bill that "tightened protections for federal whistle-blowers." By a remarkable coincidence, similar articles appeared around the same time in major business magazines.

Averaging up

A rarity just a decade ago, the $1-million-plus award is now merely average in San Francisco and Cook County. (Dotted lines are based on past trends.)



* FORBES averaged trend.
Source: Derived from studies by The Institute for Civil Justice, The Rand Corp.

Actually, Nader never went away. He is widely credited with inspiring many of Washington's alphabet-soup regulatory agencies. But perhaps more significant has been his role in encouraging the extension of liability and in suppressing the screams of insurance companies, who get the blame when rates go up but are, in effect, just collection agencies for the plaintiff attorneys. "The [insurance] industry is intimidated by him," says George K. Bernstein, a Washington insurance lawyer.

Nader and the plaintiff attorneys are clearly good friends who go back a long time. Even before he became famous with his 1965 book attacking the Corvair, *Unsafe at Any Speed*, he published an article on the theme in ATLA's *Trial* magazine. An ex-Nader-raider is now on FORBES' list—Richard Warren Mithoff (number 10, $7.4 million). Trial Lawyers for Public Justice was founded at Nader's suggestion. Recently Nader was the speaker at the Texas Trial Lawyers Association's annual banquet. "We had most of the Texas Supreme Court there; they were actually sitting up on the stage while Nader was at the podium," says Bob Gibbins ($3.7 million). "Nader supports all of our issues and we support all of his."

How? Do plaintiff attorneys contribute to Nader's organization? (one estimate of its budget: $5 million—raised 55% from individuals, 15% from foundations).

In the past Nader has violently resisted this suggestion, not surprisingly since he has regularly argued that contributions can mean conflict of interest. Former *New Republic* managing editor David Sanford, in his book *Me & Ralph: Is Nader Unsafe for America?* described Nader's "hysterical, personally abusive reaction" to a 1972 article in the magazine linking the fact that a Nader organization had accepted a $10,000 check from ATLA to Nader's opposition to no-fault insurance (which he still maintains, unlike other consumer organizations.) The check was later returned in what Sanford called a "cover-up." Sanford, today an editor with the *Wall Street Journal*, stands by his account. "Ralph believes in an aristocracy of trial lawyers," he says.

Some of the aristocrats are less shy. "We are what supports Nader. We all belong to his group. We contribute to him, and he fundraises through us," says Fred Levin ($7.5 million). "I can get on the phone and raise $100,000 for Nader in one day," says Herb Hafif. "We support him overtly, covertly, in every way possible," says Pat Maloney. "He is our hero. We have supported him for decades. I don't know what the dollar amounts would be, but I would think it would be very large, because we have the money and he has our unabridged affection. I would think we give him a huge percentage of what he raises. What monied groups could he turn to other than trial lawyers?"

But Joan Claybrook, president of Public Citizen, Nader's core organization, says Public Citizen receives no money from ATLA. And she adds: "We have 50,000 members [contributors of $20 or more]. I would be surprised if there were 20 members of the plaintiff bar among them."

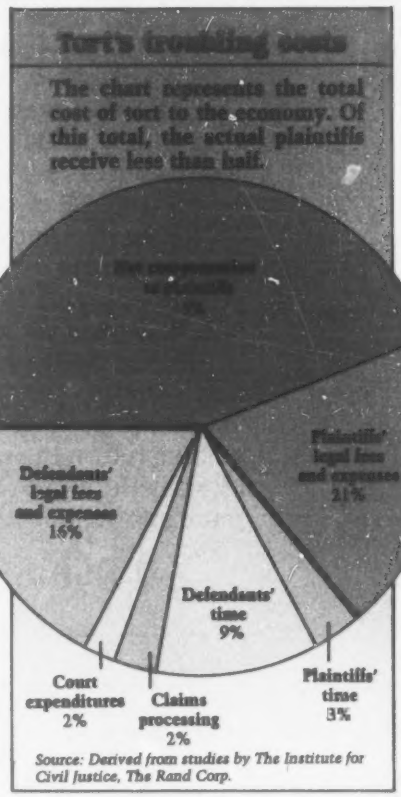
There are plenty of pointed questions that an alert

consumer organization could ask the plaintiff attorneys.

Such as: Is there enough competition between them—research suggests their contingent fees tend to "clump" at one-third and 40% of the award—just the sort of suspicious "parallel behavior" that has caused plaintiff attorneys to sue other industries, alleging antitrust violations. Do plaintiff attorneys disclose enough to prospective clients—should they offer a choice of contingent fees or hourly billing? Indeed, why are plaintiff attorneys allowed to demand contingent fees at all in cases where there is plainly no contingency—such as aircrash cases, in which liability is not in doubt as a practical matter, with the result that some plaintiff attorneys have received fees equivalent to $10,000 an hour? Or with successful plaintiff attorneys regularly choosing their cases so carefully that 95% settle out of court? Or in commercial cases, when the client is not indigent? Do clients have enough control over the expenses that plaintiff attorneys deduct from a settlement? What about practices like requiring all personal injury clients to reconfirm their hurts with particular doctors, at a high price that can be passed to the defendant? (Doctor allies are often defended by the plaintiff attorney in any malpractice suits.) What about allegations that plaintiff attorneys representing union clients sometimes pay kickbacks to the union business manager?

Public Citizen's Claybrook says she "doesn't know the answer" to fee-clumping and disclosure. "I am not a trial lawyer, and I've never gone into the issue." Public Citizen has said that contingency fees should not exceed one-third, and where the award is large "we would hope the lawyer would take less." Otherwise Claybrook defends contingency fees on the standard grounds that some clients can't afford hourly rates and "a plaintiff lawyer gets paid only when he wins."

Claybrook will have an opportunity to "go into" these issues the next time Trial Lawyers for Public Justice and ATLA's Civil Justice Foundation have board meetings. She's on both.



Source: Derived from studies by The Institute for Civil Justice, The Rand Corp.

I saw you earlier today, like sneak thieves in the night, slipping in here without nametags to snoop on our proceedings. A message to you, you medicine men of the oil slick, you fork-tongued serpents of the dollar. You have no need to sneak in here, 'cuz right after this meeting, we are coming after *you*. I'm *tired* of playing defense. . . . All the plaintiff lawyers of America are coming after you, you insurance demagogues, *because we owe you one!*"

Southern oratory is not dead. New Orleans' Russell Herman (FORBES income estimate: $1.3 million) took time during his presidential address to July's ATLA Annual Convention to direct these fraternal words at another lobby, the National Conference of Insurance Legislators, convening by unhappy coincidence in the same Boston hotel.

About 3,000 plaintiff attorneys came buzzing from all over the country to the weeklong convention. They attended a vast selection of lectures on technical subjects. They honored friendly journalists and judges—Chief Justice Paul Liacos of Massachusetts, and Justice Pascal Calagero of Louisiana, who thanked ATLA President Herman for "helping me continue to win elections." They attended 35 separate "litigation groups" with names like "Silastic Gel Breast Implants" and "Bic Lighters," where they swapped information and strategies. Herman announced that a larger clearinghouse, the ATLA Exchange, is to accumulate "a cavalcade of horrors" for use by ATLA members in personal injury and other cases.

Notwithstanding a luncheon address by cool conservative columnist George Will, the convention's atmosphere was rather like a liberal version of a fundamentalist revival meeting: emotional, evangelical, moralistic. Bob Gibbins described his accepting ATLA's vice presidency as "taking on the cause for the injured and suffering, victimized, minorities and women."

Plaintiff attorneys are an anomaly, like journalists and academics: a professional group whose politics on average are decisively to the left of others of comparable income. "There are a few Republican trial lawyers, but few in number," says Pat Maloney. "You can pick them out, because they wear peculiar clothes."

"Most of us are liberal Democrats," says Mike Gallagher ($2.5 million), recommended to FORBES as a token Republican. (But he says he supported Edward Kennedy and Lloyd Bentsen—and contributes to Ralph Nader.) Does he know any other Republican plaintiff lawyers? Gallagher chuckles: "I saw one other one, one time."

Among some plaintiff attorneys, political alienation runs very deep indeed. "I think it's a bitter shame about this society, the Russians have got a more responsive political system than we do," says Herb Hafif, would-be cleanser of America's defense industry.

This hostility toward American institutions sometimes even includes FORBES. "Why would FORBES magazine want to be here?" asked ATLA Secretary Roxanne Conlin (estimated income: $750,000). "I mean, we sue your readership regularly, and we enjoy doing it very much."

Plaintiff attorneys unquestionably believe their own rhetoric. At least ATLA's Civil Justice Foundation thinks so. Its fundraising leaflet at the convention began: "As a trial lawyer, you profit from your work in many ways—the sweet success of righting an egregious wrong, the triumph of empowering the powerless, the certain knowledge of your role in penalizing wrongdoers."

All this and $10 billion, too.

A specter is haunting the plaintiff attorneys—the specter of tort reform. After 30 years, the flies rocking the

Brothers in bucks

You might as well put together a list of prostitutes and how much money they make," snarled tort lawyer and Inner Circle founder Richard Grand, when FORBES asked to interview him. "How would you like it if I wrote an article telling the world where you jog in Central Park?"

Grand's surliness was in sharp contrast to the clear skies over Sun Valley, Idaho, this year's venue for the annual summer meeting of the Inner Circle of Advocates—the highly exclusive fraternity of personal injury lawyers founded in 1972 to celebrate the tort industry's cherished trophy: the million-dollar verdict.

Thanks to inflation (both the monetary and legal kind), a million-dollar verdict isn't what it used to be. But the Inner Circle is more than keeping pace. To qualify today, a lawyer needs four verdicts of over a million dollars upheld on appeal. Punitive damages don't count. And membership is limited to 100 attorneys—of "high moral character."

FORBES' listing of the nation's highest-paid lawyers includes 26 Inner Circle members. Some openly boasted of their big verdicts and settlements, while others like Richard Grand wished we would go away. As Sheldon Schlesinger (who earned $4.5 million last year) put it: "FORBES showing up here makes all these guys very nervous."

Inner Circle sessions at the annual meeting are closed-door; not even wives of this so-far all-male group are allowed to attend. But between golf and mountain biking, the "brothers," as some like to call themselves, convene to swap strategies and stories about their latest victories.

In one session, Florida's Frederic Levin, who last May won a $5 million wrongful death case in a one day trial, noted that his celebrity status as a local TV host is a big asset. "Every juror in Pensacola knows me," he said. Veteran Inner Circler and Californian Dave Harney recounted his winning a total lifetime payout of around $54 million for a brain damaged child. In addition to compensating the child for a lifetime of medical care as well as for pain and suffering, says Harney, "they [the jury] have her going to college and earning $30,000 a year by age 22. We had a neonatologist give her a normal life expectancy"—all with 5.5% to 6% interest annually.

Now you know why your doctor has to raise his fees to pay the high cost of malpractice insurance.

One contribution to the Inner Circle is Joseph Jamail's KISS (Keep it Simple Stupid) Principle. Juries, according to Jamail, don't understand much and don't like being bombarded with facts.

A roundtable discussion focused on the plan to introduce satellite TV into the courtroom, beaming in clients and expert testimony from other cities, and even countries. TV testimony would cost as high as $12,000 an hour. But Inner Circle members can easily spend $200,000 on one multimillion-dollar case.

One big benefit of Inner Circle membership: the group's expert witness database, not meant to be shared with nonmembers. These doctors, engineers and economists can demand up to $2,000 for one day's consultation, and as much as $10,000 for two days in trial.

Guy Allison, on FORBES' list at $4 million but not a member of the Inner Circle, is unimpressed. Says he: "All the Inner Circle does is sit around and boast about their big deals. It's like boys in the locker room talking about how many girls they've. . . ." They've got a lot to brag about.—**Leslie Spencer**

honey pot may finally have provoked America to replace the lid.

In 1985-86 insurance rates, forced ever upward and in good part because of raids by the plaintiff lawyers, threatened to close popular public services for want of insurance. The media is publicizing useful products allegedly kept off the market for fear of litigation, notably an asbestos substitute developed by Monsanto. Peter Huber's book *Liability* has focused attention on the total "tort tax" on the economy. Huber estimates that individuals, businesses and governments pay at least $80 billion a year directly, in such ways as litigation costs and higher insurance premiums, and a total of $300 billion indirectly, counting the cost of efforts to avoid liability.

Ultimately, this "tort tax" is paid by the consumer. For example, an estimated 55% of the average football helmet's $110 cost is now due to liability insurance costs. Helmetmakers on the margin have been squeezed out of business: In 1970 there were about 18, now there are 2. And sports on the margin are being squeezed out, too: A recent survey found that several hundred colleges and universities have eliminated sports such as flag football, noncompetitive diving, canoeing and hiking because of liability costs.

Partly as a result, sophisticated new tort reform lobbies are emerging—such as North Palm Beach, Fla.'s Coalition of Americans to Protect Sports and the defense bar's Washington, D.C.-based Lawyers for Civil Justice.

But the plaintiffs' attorneys are fighting back fiercely. They blame the insurance industry, sometimes striking a public chord, as when California passed Proposition 103, rolling back auto rates. Their argument is made superficially appealing as the rates crunch eases, although this is probably a cyclical phenomenon.

The battle for tort reform is now raging across the states. But it's entirely possible that it could be lost, much as no-fault automobile insurance was effectively blocked during the 1970s.

Still, some states have begun to allow courts to assess costs against frivolous actions. Perhaps this is the first step to some sort of "English rule" whereby either side must be prepared to pay the other's costs if their action is unsuccessful. Decisively altering the plaintiff's incentives to litigation, the "English rule" may be the ultimate tort reform.

Without it, the swarming plaintiff attorneys may do to the American economy what labor unions did to the British. ■

The Best Paid Trial Lawyers

The top ten

On the basis of our estimates of their 1987 and 1988 earnings, these are the country's ten highest paid trial lawyers. Other well paid trial lawyers follow.

James McGoon

1. JOSEPH DAHR JAMAIL

Jamail & Kolius, Houston, Tex.
1988 income: $450 million 1987 income: $25 million

Jamail, 63, graduated from the University of Texas law school and is best known for the victory in the 1987 Texaco-Pennzoil case that brought him an estimated $420 million in fees. Jamail spent around $5 million on a 19-passenger Gulfstream jet. His personal injury practice won over $100 million in judgments and settlements in 1988, and $75 million in 1987, of which the firm reaped about a third. "I never wash windows," he says, "nor do I work by the hour." Recent cases include winning a $52 million verdict in a Texas wrongful death suit that settled in 1988 for $22 million. Jamail's seven associates are on salary and are guaranteed a percentage of profits; they also get a percentage of the cases they win. (As with all salaries in this survey, the income figures are for Jamail alone, not for his firm.)

Jim McHugh

2. HERBERT HAFIF

Law Offices of Herbert Hafif, Claremont, Calif.
1988 income: $40 million 1987 income: $15 million

Hafif, 59 and a graduate of the University of Southern California law school, has brought three "whistleblower" cases against defense contractor Northrop Corp. on behalf of former and present Northrop employees and the government. His firm's tactics in these cases have already brought a $5,000 sanction and an order to pay $58,000 to cover Northrop's legal bills. (The order has been reduced to $5,000.) He made national headlines with the $540 million he won against ComputerLand in a 1988 tort case he brought on behalf of MicroVest. That judgment gave Hafif 5% of the company's stock, worth $25 million; he now represents ComputerLand. Big cases include a 1986 settlement with BKK Corp. for over $43 million made on behalf of some 500 plaintiffs who charged BKK with operating an unsafe landfill. His take: $13 million. Ran unsuccessfully as a Democrat for governor of California in 1974.

3. GERALD MICHAUD

Michaud, Hutton & Bradshaw, Wichita, Kans.
1988 income: $18 million 1987 income: $9 million

Age 60. Graduate of Washburn University law school. A leading player in DTP, toxic shock and live polio vaccine cases. Michaud has handled over 500 birth control pill cases since the late 1960s. Recent cases include a $16 million verdict in 1988 in a toxic shock syndrome case brought against Playtex International. Michaud's take: $4 million. In 1988 alone he closed some 20 cases, each of which was worth over $1 million. Has taken home over $5 million annually for the last ten years. Owns an 80-acre ranch and 30 quarter horses.

4. WALTER UMPHREY

Umphrey Swearingen Eddins & Carver, Beaumont, Tex.
1988 income: $14.5 million 1987 income: $12.5 million

Umphrey is 53. Started out as insurance adjustor. Graduated from Baylor University law school; was a pioneer in asbestos litigation. In 1985 he was the leading lawyer in a $138 million settlement in a class action products liability suit against 16 asbestos firms. Earnings: $18.2 million. Umphrey's Beaumont firm made over $23 million in 1988. His Houston firm recently merged with Houston labor law firm Watson, Flynn & Bensik, and counts among its clients the Oil, Chemical & Atomic Workers Union. Has two planes, a helicopter.

Douglas Edmunds

5. MAX TOBEROFF

Toberoff, Tessler & Schochet, New York, N.Y.
1988 income: $12 million 1987 income: $6 million

Toberoff, 67, is known as the medical malpractice king of New York, with a specialty in running down podiatrists. Claims to have lost only 6 of the 600 cases he has tried. A ten-week medical malpractice trial in 1988 brought an $11.5 million verdict. He boasts that he settled 5 cases over the phone during that trial, for an extra $15 million. Owns an apartment in Paris worth over $2 million, and a villa near Cannes. He graduated from Brooklyn Law School.

6. ERNEST CANNON

Ernest Cannon & Associates, Houston, Tex.
1988 income: $7 million 1987 income: $11 million

A University of Texas law school grad, Cannon, 45, operates mainly out of Texas' Matagorda County, famous for its multimillion-dollar judgments (FORBES, *Apr. 7, 1986*). In 1988 Cannon won about $40 million in gross recoveries, and some $70 million in 1987. His targets include Ford Motor Co. Also in 1988 he won $23 million for a 5-year-old client who was severely injured while riding a lawnmower. Cannon convinced the jury that the manufacturer, Ariens Co., was grossly negligent. Punitive damages in the case were $13 million. (Ariens subsequently settled.) Known for his close ties to local judges: In one of Cannon's cases a 6-year-old plaintiff sat on the judge's lap to deliver her closing testimony.

7. RONALD D. KRIST

Krist, Gunn, Weller, Neumann & Morris, Houston, Tex.
1988 income: $9 million 1987 income: $7.5 million

Best friends with Joe Jamail, Krist won headlines for representing some of the families of the *Challenger* space shuttle astronauts. The amount of the settlement is under seal, but it's in the many millions of dollars. Krist won the first "crashworthiness" case in Texas against General Motors in 1976. His seven associates pay their own overheads and make whatever they can on their cases. A graduate of the University of Texas law school, Krist is 52.

8. JOHN O'QUINN

O'Quinn, Kerensky & McAninch, Houston, Tex.
1988 income: $8 million 1987 income: $6 million

Age 48. Graduated from the University of Houston law school. The State Bar of Texas has just completed an investigation into whether O'Quinn paid people to solicit clients for him. The bar found him guilty, but rather than disbar him, it merely charged O'Quinn a nominal fine for his crime and ordered him to perform 100 hours of public service. O'Quinn recently won a breach of contract verdict for over $600 million against Tenneco, which later settled for an undisclosed sum. His fees from this settlement alone will raise O'Quinn's gross income for 1989 to about $50 million.

9. STANLEY S. SCHWARTZ

Sommers, Schwartz, Silver & Schwartz, Detroit, Mich.
1988 income: $7 million 1987 income: $6.2 million

Schwartz, 57, specializes in birth trauma cases. His firm employs 66 lawyers and 100 support staff, and processes over 100 infant brain damage cases a year. These cases yield annual settlements of over $100 million, of which the firm takes a third. The firm employs ten nurses full time to evaluate the 60 cases a month that come into his office. A University of Michigan law school graduate, he has written a two-volume, 1,500-page treatise on birth trauma.

10. RICHARD WARREN MITHOFF

Mithoff & Jacks, Houston, Tex.
1988 income: $7.4 million 1987 income: $5.4 million

Mithoff is 43, graduated from the University of Texas law school and specializes in product liability and medical malpractice. After working for Ralph Nader as a law student, he spent nine years as a lawyer with Joe Jamail. In 1986 he won a $50 million settlement from North Texas Hospital for an infant brain damage case. Soon after, Mithoff set up a $100,000 endowment for the University of Texas medical school to improve training in delivery room techniques. Last year gross recoveries from verdicts and settlements were $21 million, and the year before, $16 million. Out of this Mithoff takes 40%. Represented his friend Jamail pro bono in a 1986 contract/fee dispute Jamail had with a referring lawyer.

The Best Paid Trial Lawyers

Lawyer/firm	Location	Estimated 1988 income ($millions)	Estimated 1987 income ($millions)	Law school	Age
Gilbert (Buddy) Low/Orgain, Bell & Tucker	Beaumont, TX	8.5	3.0	Univ of Texas	56
Frederic Levin/ Levin, Middlebrooks, Mabie, Thomas, Mayes & Mitchell	Pensacola, FL	7.5	5.0	Univ of Florida	52
Philip Corboy/Corboy & Demetrio	Chicago, IL	7.0	5.7	Loyola Univ	65
F. Scott Baldwin/Baldwin & Baldwin	Marshall, TX	6.0	4.0	Univ of Texas	60
Harry Lipsig/Lipsig & Zelman	New York, NY	6.0	6.0	Brooklyn Law	87
Pat Maloney/Law Offices of Pat Maloney & Associates	San Antonio, TX	6.0	6.0	Univ of Texas	65
Jack Olender/Law Offices of Jack Olender & Associates	Washington, DC	6.0	6.0	Univ of Pittsburgh	54
Thomas Demetrio/Corboy & Demetrio	Chicago, IL	5.0	3.8	IIT-Chicago Kent College of Law	42
Don Riddle/Riddle & Williams	Houston, TX	5.0	5.0	Univ of Houston	51
Leonard Ring/Leonard Ring & Associates	Chicago, IL	4.8	4.8	De Paul Univ	66
Eugene Pavalon/Pavalon & Gifford	Chicago, IL	4.5	2.0	Northwestern	56
Sheldon Schlesinger/Sheldon J. Schlesinger	Ft Lauderdale, FL	4.5	4.5	Univ of Miami	59
Guy Allison/Allison & Huerta	Corpus Christi, TX	4.0	4.0	Washington Univ	57
A. Robert Zeff/Zeff & Zeff & Materna	Detroit, MI	4.0	2.1	Univ of Detroit	55
Bob Gibbins/Gibbins & Winckler	Austin, TX	3.7	3.7	Univ of Texas	53
Robert Montgomery Jr/Montgomery & Larmoyeux	W Palm Beach, FL	3.7	3.0	Univ of Florida	59
Ned Good/Law Offices of Ned Good	Pasadena, CA	3.5	3.5	Univ of S Calif	61
Tom Anderson/Thomas T. Anderson & Associates	Indio, CA	3.2	2.5	Univ of San Francisco	61
Robert Conason/Gair, Gair & Conason	New York, NY	3.2	2.8	New York Univ	57
Robert Clifford/Robert A. Clifford & Associates	Chicago, IL	3.0	2.3	De Paul Univ	38
Tom Moore/Kramer, Dillof, Tessel, Duffy & Moore	New York, NY	3.0	3.0	Fordham	47
Nat Ozmon/Anesi, Ozmon, Lewin & Associates, Ltd.	Chicago, IL	3.0	2.8	Northwestern Univ	64
William Shernoff/Shernoff, Scott & Bidart	Claremont, CA	3.0	3.0	Univ of Wisconsin	51
Don Bowen/Helm, Pletcher, Hogan, Bowen & Saunders	Houston, TX	2.8	2.5	Univ of Texas	45

Low is the only plaintiff attorney in an old-line defense firm. Served as local counsel for Vinson & Elkins in ETSI antitrust case against 5 railroads, which resulted in a verdict of $1.3 billion. A 1988 settlement with 4 of the railroads yielded $285 million. His take: $12.5 million. He splits his contingency fees with his firm. Represented T. Boone Pickens in 1979 Cities Service hostile takeover.

Levin earned $500,000 a year as Gulf Power Co.'s general litigation counsel, 1983-89. Won a $5 million verdict in one day this May for the death of a young man. His TV show, "Law Line," has made him a local celebrity. Counsel for boxer Roy Jones Jr. Member of Inner Circle of Advocates.

Corboy is one of the best-known big-money negligence lawyers in the country. He boasts having lost only one case in 17 years (it was overturned on appeal). Turns down 19 out of 20 requests for representation in medical malpractice. Member of Inner Circle of Advocates.

Baldwin started asbestos litigation in U.S. with 1978 case against Pittsburgh Corning, which settled for $20 million. One of lead counsel in 1987 asbestos case against a dozen companies, which settled for $125 million. Firm's staff of 15 includes two pilots for his private plane. Member of Inner Circle of Advocates.

Lipsig is considered the "king of torts" in New York. Started new firm earlier this year after bitter rift with his two former partners, who claim the firm will now enjoy a more "equitable distribution" of the profits. Currently suing Mike Tyson on behalf of Mitch Greene for $25 million for assault and battery. Greene is also suing Tyson for "failure to fight." Reflects on his long career: "I've wrecked enough lives to feel wrecked myself."

Maloney processes over 1,000 cases a year. Partners are his wife and kids. Active in organizing Texas Supreme Court election campaigns on behalf of the plaintiff bar. Was embroiled in recent scandal involving Texas Supreme Court justice C.L. Ray, in which he donated money to the judge's campaign and received preferential treatment in return. Member of Inner Circle of Advocates.

Olender is the "king" of medical malpractice in D.C. Mayor Marion Barry declared Feb. 18, 1987 to be "Jack Olender Day" in recognition of his "philanthropic support" for D.C. city counsel officials. He gave the "Jack Olender Peacemaker Award" in 1988 to Gorbachev and Reagan. A recent "60 Minutes" special focused on the damage his large verdicts have done to the medical community in D.C. Member of Inner Circle of Advocates.

Demetrio is Philip Corboy's partner and heir apparent. 1989 president of Illinois Trial Lawyers Association. Active in ATLA. He and Corboy have together made at least $8 million to $10 million a year in each of the last 8 years.

Riddle has handled over 150 railroad crossing cases, and has lost only one. Won $8.5 million in 1987 in a medical product liability case, after which plaintiff died. In a separate case he expects to win $10 million to $15 million for the family of the deceased client, bringing their total award to about $20 million. If the second case succeeds his total take will be at least $6.5 million.

Ring was responsible for setting up the ATLA political action committee in 1973-74. Specializes in precedent-setting cases that expand defendants' liability. Until summer 1989 was chairman of the ATLA committee that proposes and fights legislation in Congress. Chairman of Tort and Insurance Practice Section of the ABA. Member of Inner Circle of Advocates.

Pavalon was 1987-88 ATLA president, is current president of the Roscoe Pound Foundation, ATLA's "think tank." Settled a wrongful death auto case against General Telephone for $20.3 million in 1988. His take from the case: $6.7 million.

Schlesinger is one of the biggest medical malpractice specialists in Florida. Won a $5 million product liability verdict in 1982 against Toyota, arguing that a fuel tank design defect killed three people in a rear-end collision. It was the only judgment ever won against Toyota. Refers to himself as "Jack the Giant Killer" and "the Equalizer." Member of Inner Circle of Advocates.

Allison made more money in a 1988 case against General Motors than GM had paid him in the 25 years he represented it, between 1962 and 1987. Defends medical insurers. Brought case in 1988 against Circle K stores charging them with illegally selling liquor to a drunk "customer." The transactions were staged. Settled case for an undisclosed amount in February. Owns a 4,500-acre cattle ranch near Portland, Tex.

Zeff specializes in divorce cases, for which his fees are determined in part by the result obtained. Contingency fees in divorce cases are in violation of ABA rules. Represented Cristina Ford, wife of Henry Ford II, in 1980 divorce. Member of Inner Circle of Advocates.

Gibbins is current vice president of ATLA. Settled 1988 legal malpractice case against Vinson & Elkins for "failure to advise" businessmen in antitrust law. Amount of suit: $31.2 million in damages. Settlement is under gag order. Should make $5 million in 1989.

Montgomery specializes in medical malpractice. Got the first $10 million verdict in Florida in a single injury case. Lawyer for Kathleen DuRoss Ford, widow of Henry Ford II. Split with his former partner Christian Searcy (on list) over financial disagreements. Member of Inner Circle of Advocates.

Good's boutique firm specializes in aviation and major accidents. Settles 50 cases a year, half of which come in at over $500,000. Owns and pilots a 7-seat turboprop airplane. Member of Inner Circle of Advocates.

Anderson won a punitive damage verdict of $147 million in the 1988 Technical Equities fraud case. Some defendants settled previously for $60 million. The verdict is still pending. His take so far: $1 million. Represents 160,000 claimants in a class action fraud suit against evangelist Jim Bakker and associated accounting firm. If successful, he hopes to win $1,000 for each claimant, or $160 million. Member of Inner Circle of Advocates.

Conason is lead counsel in the oldest plaintiff firm in New York, founded by Harry Gair in 1915. Specializes in medical malpractice. Won $6.5 million in March of 1989 for family of a client killed by a narcotics undercover agent. Member of Inner Circle of Advocates.

Clifford started his career with a 10-year apprenticeship at the Chicago firm of Philip Corboy (also on list). Represents three passengers in the DC-10 Sioux City airplane crash of July 1989.

Moore has taken on the mantle of recently deceased firm founder, Charles Kramer, one of founders of medical malpractice in New York. Recently won a $2.5 million legal malpractice judgment against another medical malpractice lawyer. Member of the Inner Circle of Advocates.

Ozmon is a major architect of the Structural Work Act of Illinois, an act that expands liability claim rights for construction workers.

Shernoff specializes in "insurance bad faith law." Won $4.5 million verdict over a $48 disputed medical claim. Helped found with Ralph Nader the National Insurance Consumer Organization. Obtained a $56 million refund for doctors who claimed they were overcharged on malpractice premiums. Author of "Payment Refused," a handbook on insurance "bad faith."

Designated counsel for United Transportation Union, Bowen handles over 400 Federal Employers' Liability Act cases for railroad employees, about 300 of which are in hearing loss litigation. FELA cases produce 45% to 50% of firm's income. Partners on list: George Pletcher and Michael Saunders.

The Best Paid Trial Lawyers

Lawyer/firm	Location	Estimated 1988 income ($millions)	Estimated 1987 income ($millions)	Law school	Age
Edward Swartz/Swartz & Swartz	Boston, MA	2.8	2.8	Boston Univ	55
Paul Dué/Dué, Smith & Caballero	Baton Rouge, LA	2.7	2.5	Louisiana State Univ	46
Wayne Fisher/Fisher, Gallagher, Perrin & Lewis	Houston, TX	2.7	2.5	Baylor	52
Melvin Belli/Belli, Belli, Brown, Monzione, Fabbro & Zacharia	San Francisco, CA	2.5	2.5	Berkeley	82
Frank Branson/Law Offices of Frank L. Branson	Dallas, TX	2.5	2.5	SMU	44
Bill Colson/Colson, Hicks, Eidson, Colson & Matthews	Miami, FL	2.5	2.5	Univ of Miami	64
Leonard Decof/Decof & Grimm	Providence, RI	2.5	2.5	Harvard	60
Mike Gallagher/Fisher, Gallagher, Perrin & Lewis	Houston, TX	2.5	2.3	Univ of Texas	50
John Hayes/Hayes & Power	Chicago, IL	2.5	2.5	De Paul Univ	58
Joseph Power Jr/Hayes & Power	Chicago, IL	2.5	2.5	Loyola Univ	36
Michael Saunders/Helm, Pletcher, Hogan, Bowen & Saunders	Houston, TX	2.5	2.3	Harvard	44
Christian Searcy/Searcy Denney Scarola Barnhart & Shipley	W Palm Beach, FL	2.5	2.5	Stetson Univ	41
J.B. Spence/Spence Payne Masington & Needle	Miami, FL	2.5	2.0	Univ of Miami	66
W. James Kronzer/W. James Kronzer, Attorney at Law	Houston, TX	2.4	2.0	Univ of Texas	69
James Thomas Demos/Demos & Burke	Chicago, IL	2.3	2.3	De Paul Univ	54
James Duffy/Kramer, Dillof, Tessel, Duffy & Moore	New York, NY	2.3	2.3	Brooklyn Law	53
Jim Perdue/Perdue, Turner & Berry	Houston, TX	2.3	2.3	Univ of Houston	50
Bruce Walkup/ Walkup, Shelby, Bastian, Melodia, Kelly, Echeverria & Link	San Francisco, CA	2.3	2.3	Berkeley	75
Albert Huerta/Allison, Huerta, Hastings & Allison	Corpus Christi, TX	2.2	2.2	St. Mary's	45
Windle Turley/Law Offices of Windle Turley	Dallas, TX	2.2	2.2	SMU	50
Robert Begam/Langerman, Begam, Lewis & Marks	Phoenix, AZ	2.0	2.0	Yale	61
Jim Boccardo/Boccardo Law Firm	San Jose, CA	2.0	2.0	Stanford Univ	78
James Bostwick/Bostwick & Tehin	San Francisco, CA	2.0	2.0	UC Hastings	46
William Edwards/Edwards & Perry	Corpus Christi, TX	2.0	2.0	Univ of Virginia	58
Ted Friedman/Law Offices of Theodore H. Friedman	New York, NY	2.0	2.5	Harvard	58
David Perry/Edwards & Perry	Corpus Christi, TX	2.0	2.0	Univ of Texas	46
Ivan Schneider/Schneider, Kleinick & Weitz	New York, NY	2.0	2.0	Brooklyn Law	57
Harvey Weitz/Schneider, Kleinick & Weitz	New York, NY	2.0	2.0	Brooklyn Law	57
George Pletcher/Helm, Pletcher, Hogan, Bowen & Saunders	Houston, TX	1.8	2.0	Notre Dame	61

Swartz has crusaded against "killer toys" since the mid-1960s. Author of "Toys That Don't Care," "Toys That Kill," "Slaughter By Product." Takes on a few business litigation cases, for which he charges a contingency fee/hourly fee hybrid. Member of Inner Circle of Advocates.

Dué specializes in maritime disasters. Won a $4.5 million settlement in a "wrongful death" case against Dixie Electric Membership Corp.

Fisher traditionally specializes in product design and manufacturing liability cases as well as medical malpractice. He has recently gotten into the lucrative areas of antitrust and asbestos litigation. Former president of the State Bar of Texas. Member of Inner Circle of Advocates.

Belli is the original "king of torts." One of the first lawyers in Valdez after the oil spill, he gathered 400 clients there. He and partner Richard Brown were fined $5,000 in 1988 for filing on behalf of a plaintiff in the Dupont Plaza Hotel fire case who had died several years before the fire.

Branson was one of the pioneers of the Video Settlement Brochure, a videotape designed to eliminate negotiation with the defense in settlements. In 1985 won a $15 million settlement for a brain-damaged lawyer. Member of the Texas Supreme Court rules advisory committee.

Colson was the first to win a verdict against Ford in a Pinto gas tank case in 1975. Won the first million-dollar medical malpractice verdict in the U.S. in 1967. The firm has recently gone into asbestos litigation. Member of Inner Circle of Advocates.

Decof has won or settled over 25 sports helmet cases, including one for $4.2 million in 1983. In 1986 he won a $20 million "wrongful death" verdict against Goodyear for the family of racecar driver Mark Donohue, who was killed in an accident while going 175mph. Has handled many "women-related" cases: DES, IUD and the Pill. Currently suing the U.S. Golf Association and Scotland's Royal & Ancient Golf Club for over $100 million in an antitrust and "slander of products" case on behalf of Ping golf clubs maker Karsten Manufacturing. Member of Inner Circle of Advocates.

Gallagher is partner of Wayne Fisher. Very active in politics, serves as special counsel to the Texas Senate on product liability. One of the few Republicans in the plaintiff bar. Specializes in chemical plant and oil refinery explosion cases.

Hayes won a $27 million verdict against Syntex in 1985 for a brain damage case. Member of Inner Circle of Advocates.

Power won $6.5 million verdict in 1986 case for brain damage to child struck by a car. Claims he has never lost a case. Largest settlement: $8 million in medical malpractice case in 1984. His take: $2 million.

Saunders specializes in medical malpractice. In 1988 won a $16.2 million verdict against two doctors for brain damaged child. Two other doctors, the hospital and the anesthesia machine manufacturer settled for undisclosed amounts. Partners on list: George Pletcher and Don Bowen.

Searcy specializes in multimillion-dollar baby brain damage cases. Largest verdict: $10.5 million in 1984.

Spence pioneered million-dollar medical malpractice in Florida. Settled 12 "wrongful death" cases against Arrow Air for a total of $15 million in 1988. His take: $6 million. Took 6 months off in 1988 and spent over $300,000 to fight constitutional amendment that would have put caps on damages. Member of Inner Circle of Advocates.

Kronzer worked with Joe Jamail in Texaco-Pennzoil litigation as legal and appellate adviser. One of the most prominent high-stakes appellate lawyers, he represents both plaintiffs and defendants in multimillion-dollar personal injury and commercial litigation. Charges on average $450 to $500 an hour for defense work, and usually gets 5% to 8% of the final award for plaintiff work.

Demos specializes in medical malpractice and product liability cases. Won a $2.7 million award against Navistar International Transportation Corp. (formerly International Harvester) for "defectively designed" farm equipment. Member of Inner Circle of Advocates.

Duffy is partner of Tom Moore (on list) and is the other "big winner" in the firm. Specializes in medical malpractice, especially brain damaged baby cases. Firm closed 69 cases representing $80 million in 1988 and has as much as $7 million invested in cases at any one time.

Perdue, the king of medical malpractice in Houston, won a $16.5 million verdict in a brain damage case in 1989; brings in several settlements per year in the $1 million to $3 million range.

Former president and founding member of Inner Circle of Advocates. Walkup is one of the grandfathers of personal injury litigation in California. Member of Inner Circle of Advocates.

Partner to Guy Allison. Huerta specializes in workers' compensation.

Turley is founder and sole owner of one of the largest personal injury firms in the country, with 25 lawyers and a staff of 125. Usually works on cases worth more than $2 million. High overhead costs keep his personal take down. Lead counsel for plaintiff steering committee of the Delta 191 crash suit, worth more than $150 million. Major player in the attempt to make airbags in cars mandatory.

Began started with Cravath, Swaine & Moore. Specializes in product liability. His 1987 novel "Fireball" was inspired by the 1973 Kingman, Ariz. railroad tank car explosion. As lead counsel in that case, he ultimately settled it for over $20 million in 1979.

Boccardo won one of the first multimillion-dollar awards for quadriplegia: $3.6 million in 1970. Successful in real estate, owns ranches and airplanes. Member of Inner Circle of Advocates.

Bostwick started as a clerk for Bruce Walkup (also on list) in 1967. In 1988 won "the highest federal judgment ever" for a baby brain damage case at a U.S. Army hospital: $8.9 million. Also boasts "the biggest brain damage settlement ever": $8.7 million in 1986. His take: $2 million.

Edwards was special counsel to the Texas Senate in 1987. Won a $64.5 million verdict in 1985 in paraplegia case, settled for $5 million.

Friedman is the husband of New York State Supreme Court Justice Eve Preminger. Was tried for, and later, in 1988, acquitted of bribing witnesses to lie in a wrongful death suit against New York City. Inner Circle of Advocates member.

Former president of Texas Trial Lawyers Association. Perry specializes in auto design product liability cases. In 1983 won $107 million verdict against Ford for death of one person ($100 million was for punitive damages, which were later reduced to $12.5 million and ultimately settled).

One of the most successful personal injury litigators in New York. Partner of Harvey Weitz. In 1988 Schneider won a $40 million verdict for a construction worker who was rendered paraplegic from a fall. Has 6 verdicts in excess of $10 million.

Partner of Ivan Schneider. Weitz won a $33.3 million verdict from the City of New York for a child who was rendered quadriplegic on a city playground.

Pletcher is senior partner at the first plaintiff law firm in Houston, started in 1944. Between January 1987 and present the firm closed roughly 700 cases, representing recoveries of approximately $120 million. Partners on list: Don Bowen and Mike Saunders.

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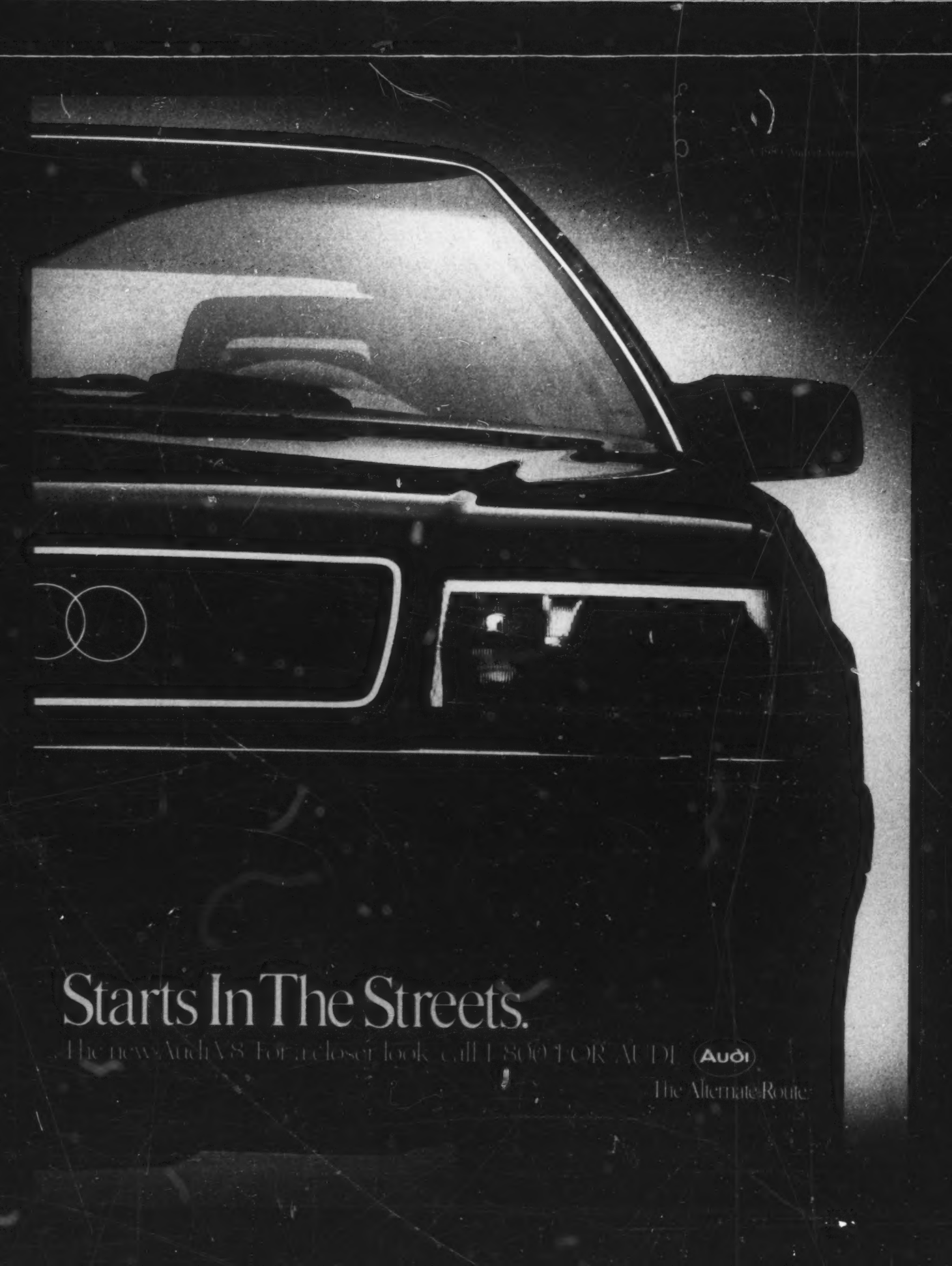
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If you're looking for the really big bucks in the law business, the Harvard Law Review and a prestigious firm are less likely to get you there than sheer entrepreneurial drive.

How lawyers get rich

By Deirdre Fanning

Attorney Fred Goldberg recently left the Washington, D.C. office of Skadden, Arps, Slate, Meagher & Flom to become the new head of the Internal Revenue Service. As a partner at Skadden, Arps, Goldberg stood to make up to $1 million a year. In Washington, he'll be making $82,500 a year—almost exactly what his old firm pays its first-year associates, most of whom are products of the country's fanciest law schools.

You think Fred Goldberg was well paid? Compared with the country's top trial lawyers *(see p. 204)*, he's a piker. Herbert Hafif, a tort lawyer who runs a 13-lawyer shop in Claremont, Calif., raked in, we estimate, some $40 million last year.

Walter Umphrey, a Texas plaintiff lawyer who started his professional career as an insurance adjuster, earned $14.5 million last year bringing asbestos cases on behalf of his clients.

Are Hafif and Umphrey proud products of the Ivy League law schools? Far from it. Umphrey, 53, went to Baylor University law school in Waco, Tex. Hafif? The University of Southern California law school.

Meanwhile, back in the exalted realms of Wall Street, the highest-paid lawyer was Joseph Flom, the Harvard law school-educated mergers and acquisitions lawyer and head of a 1,000-lawyer firm. Flom's collars aren't frayed, but at an estimated $5 million last year he was second string compared with Hafif and Umphrey.

By now you will be getting the picture: Prestige practice and prestige law schools aren't where the biggest action is. Some aggregate numbers: The 71 lawyers on the list of corporate lawyers earned an estimated combined $110 million; 38 of them went to Ivy League law schools. The 63 attorneys on the list of trial lawyers earned a total of $750 million; 4 of them went to Ivy schools.

There's an important distinction here. While all law firms are run like businesses these days, the big prestige firms are rather like Forbes 500 companies. But the top personal injury lawyers are entrepreneurs who are likely to have $20 million lines of bank credit, crack support staffs that can handle hundreds of document requests and loosely knit national networks of "partners" helping them coordinate multimillion-dollar lawsuits brought against some of the nation's top corporations.

The major law firms—on Wall Street and elsewhere—are far less entrepreneurial, but they, too, have exploded in size, with annual billings regularly exceeding $200 million and offices all around the world employing staffs of thousands.

In a world where a top lawyer no longer depends chiefly on his or her individual efforts for success but works as part of a team, the head of the team can often reap far richer rewards than he or she could possibly make as an individual practitioner. The combined earnings of the 134 lawyers on our lists were an imposing $860 million last year. Of that about $160 million went to the top ten trial lawyers (not counting the exceptional $420 million we think went to Pennzoil lawyer Joseph Jamail for his Texaco litigation). By contrast, the top ten corporate lawyers took home only about $31 million.

Not surprisingly, at least two bar associations, those of the District of Columbia and of North Dakota, have toyed with the idea of allowing lawyers to

take their law firms public. Neither bar group ultimately decided to do so, but legal experts say it's only a matter of time before such a move. The temptation is overwhelming: It would permit highly successful attorneys to get rich twice: Once for what the firm pays, a second time from what the public would pay for a piece of their firm.

How did we come by our estimates? The way any good reporter gets information: We made calls. Hundreds of calls. Because law firms are, in effect, private corporations, there were no proxy statements we could read, no financials we could break down for clues on earnings. Thus, most of the compensation numbers are our estimates, but they are very educated estimates. (Our lists are not all-inclusive. For example, we do not include all the partners of big firms making $1 million or more. To have done so would have filled several more pages.)

With trial lawyers, our research was helped by databases from litigation research firms. Note that compensation figures include only earnings from legal work. Many lawyers have substantial outside investments.

It appears that the only people consistently making as much money as trial lawyers in America are Wall Street money men and entertainers. Doctors? Relatively small stuff. Only a handful of doctors make over $1 million from their craft. Even non-trial lawyers—those involved in securities, divorce and lobbying—regularly earn million-dollar-plus salaries.

The parallels with entertainers are not insignificant. These lawyers own no automobile factories or steel mills, no office towers or investment partnerships. Rather, they earn their bread by providing their intellectual services to the public. And just as movies are made and records pressed in both good economic times and bad, so can lawyers always find work. They profit when a client is doing well, and they prosper when a client files for Chapter 11 protection from creditors. Heads lawyers win, tails lawyers win.

As entrepreneurs, the plaintiff trial lawyers generally work on a risk/reward basis. They may take on—and personally fund—big cases for several years before they win a verdict. Their income fluctuates from year to year. Thus we have included income estimates for both 1987 and 1988. But there is one important difference between the plaintiff lawyers and other entrepreneurs: By shrewdly influencing politics and public opinion, the plaintiff attorneys, in effect, provide for their own growing prosperity *(see story, p. 197)*.

The corporate lawyers generally charge an hourly rate. Yet even within this group there are entrepreneurs.

Take the Hollywood law firm of Ziffren, Brittenham & Branca. The partners represent mostly movie and television studios and actors. Because much of their clientele consists of individual personalities requiring fairly straightforward legal work, Kenneth Ziffren and his partners saw little reward in fees charged at hourly rates. They, the lawyers, were cutting most of the stars' deals. So they decided to follow the example of Hollywood talent agents and demanded a piece of their clients' action. Almost all top entertainment lawyers now charge their clients a flat 5% of the deals they negotiate for them.

It's worth remembering that, more than ever, successful people in fields other than law have earned law degrees. This is, in part, because legal issues are so important in all businesses today and, in part, because of the value of the training. Says Revlon Vice Chairman Donald Drapkin, a Columbia law school grad and former partner at Skadden, Arps, "In law school you are graded as much on how you identify the critical issues as on how you answer them." Merger king Bruce Wasserstein, Norfolk Southern Chief Executive Arnold McKinnon, Revlon President Bruce Slovin and Vice Chairman Howard Gittis, MCA Motion Picture Group Chairman Thomas Pollock, *Wall Street Journal* Managing Editor Norman Pearlstine—these and many other influential people all attacked their chosen fields armed with law degrees.

As long as tort reform continues to move at a glacial pace, members of the plaintiffs bar will continue to rack up multimillion-dollar annual earnings. But even if laws were passed limiting trial verdicts and legal fees, lawyers would probably make a good living for the simple reason that we live in an increasingly legalistic society. Yes, there are poor lawyers, but there is a growing number of rich ones and of very rich ones. ■

The top ten

Below, the 10 corporate lawyers with the highest estimated 1988 incomes. On the following pages are 61 more very well paid attorneys.

Michael Mella

1. JOSEPH FLOM

Skadden, Arps, Slate, Meagher & Flom
1988 income: around $5 million

Flom, 66, graduated from Harvard University law school and is senior partner at New York's Skadden, Arps, Slate, Meagher & Flom. He and his rival, Martin Lipton *(see below)*, are the two preeminent mergers and acquisitions lawyers in the country. He began his career at Skadden in 1948. As senior partner he has built Skadden into a firm with over 1,000 lawyers and offices in four countries. Skadden is now the third-biggest law firm in the world (after Baker & McKenzie and Jones, Day, Reavis & Pogue); its clients include much of the Forbes 500. Flom and Skadden have appeared in virtually every major merger transaction in the last ten years, yet M&A accounts for less than 25% of the firm's profits. The firm is also big in securities underwriting, litigation and international law. Flom in recent years has increasingly turned his attention to pro bono work. Skadden last year launched a program to fund 25 fellowships annually for recent law school graduates who wish to work in public interest law.

Louie Psihoyos/Matrix

2. RAOUL LIONEL FELDER

Law firm of Raoul Lionel Felder
1988 income: $3.8 million

A graduate of New York University law school, Felder runs his own nine-lawyer firm in New York. He specializes in celebrity divorces, for which he charges $450 an hour, with a minimum retainer of $20,000. His biggest cases last year included representing actress Robin Givens in her divorce from boxer Mike Tyson and Nancy Capasso in the Bess Myerson-Carl (Andy) Capasso scandal. Eccentric and theatrical, Felder, 55, dresses conspicuously: He keeps 30 pairs of velvet evening slippers in his office. His lawyer wife, Myrna, handles the appellate work. Not everybody is impressed by his act: A Manhattan supreme court judge recently criticized Felder's fees in a divorce case as "unconscionably high."

3. HARRY (SKIP) BRITTENHAM

Ziffren, Brittenham & Branca
1988 income: at least $3 million

At 48, Brittenham and his partners, Ziffren and Branca, run what is arguably Los Angeles' most powerful entertainment law firm. It has only 13 lawyers and has exploited the practice of charging movie and television clients a percentage (5%) of their gross revenues, rather than billing them according to hourly fees. Brittenham's clients include Harrison Ford, Don Johnson, Melanie Griffith, John Candy, Tom Selleck, Michael J. Fox, Richard Pryor and Norman Lear. Brittenham is a graduate of UCLA law school.

Robin Holland

4. ALLEN GRUBMAN

Grubman, Indursky & Schindler
1988 income: at least $3 million

A graduate of Brooklyn Law School, Grubman is an entertainment lawyer who represents musicians and music companies. Clients include Bruce Springsteen, Madonna, Robert De Niro, George Michael, Carly Simon, MTV, Chrysalis Records and Island Records. He charges clients either through a monthly retainer or with a premium based on results. Minimum retainer is $5,000 a month. New York-based Grubman has been particularly active in negotiating mergers and acquisitions among record companies. Age: 46.

Steven Mark Needham

5. MARTIN LIPTON

Wachtell, Lipton, Rosen & Katz
1988 income: at least $3 million

New York's Marty Lipton, one of the founders of Wachtell, Lipton, has made a specialty out of successfully defending companies under takeover attack. He is credited with having invented the so-called poison-pill defense, and is a vocal opponent of highly leveraged takeovers. Bills both on time spent and results achieved. The firm is reported to have charged Kraft Inc. $20 million in fees for three weeks of work done on the company's 1988 takeover by Philip Morris. Lipton, 58, graduated from New York University law school.

Mark Miller

6. KENNETH ZIFFREN

Ziffren, Brittenham & Branca
1988 income: at least $3 million

Age 49 and a graduate of UCLA law school, Ziffren was law clerk for U.S. Supreme Court Chief Justice Earl Warren, 1965-66. Ziffren and his partners are particularly active in representing television stars and executives. Ziffren himself forged his reputation representing Hollywood's television "hyphenates"—i.e., director-writer-producers. Clients include Stephen J. Cannell, Marvin Davis, James Brooks, Witt/Thomas/Harris Productions, Fred Silverman and Miller/Boyett Productions. Ziffren and his firm were among the first to recognize—and capture—the potential profits for their writer-producer clients in television syndication rights. His father, Paul Ziffren, was also a respected entertainment lawyer in Los Angeles. Kenneth Ziffren is credited with settling last year's writers' strike.

Dick Kraus/Newsday

7. JOHN EASTMAN

Eastman & Eastman
1988 income: around $3 million

Another entertainment lawyer, New York's Eastman represents mostly music clients. He's best known for his role in negotiating the breakup of the Beatles; his sister Linda Eastman is married to ex-Beatle and client Paul McCartney. Other clients include David Bowie, Billy Joel and Willem De Kooning; Eastman is also a trustee of the Tennessee Williams estate. He was one of the first to gain rights to master recordings for clients. His billing, Eastman says, is "unstructured. I have no contracts with my clients. We work it out, discuss what the fee should be." He is 50 and a graduate of New York University law school.

Fazl Pribble

8. JOHN BRANCA

Ziffren, Brittenham & Branca
1988 income: around $2.5 million

The youngest of his Los Angeles entertainment law firm's senior partners, Branca, 38, also graduated from UCLA law school, and played keyboards as a professional musician. His clients are to die for: Michael Jackson, the Rolling Stones, the Beach Boys, the estate of Elvis Presley, David Lee Roth, the Doors, George Harrison and Fleetwood Mac. Branca runs virtually all of Michael Jackson's business affairs. F presented such corporate clients as SBK/EMI i its $125 million acquisition of CBS song rights.

Carol Bernson/NY Law Journal

9. ARTHUR FLEISCHER

Fried, Frank, Harris, Shriver & Jacobson
1988 income: around $2.5 million

Fleischer, 56 and a graduate of Yale University law school, is a mergers and acquisitions lawyer. Deals include representing Hospital Corp. of America in its $3.6 billion management buyout this year. Also led Philip Morris' $13 billion acquisition of Kraft Inc. last year. He is coauthor of *Board Games*, a nonfiction book on corporate directors.

Olivia Day

10. SAMUEL BUTLER

Cravath, Swaine & Moore
1988 income: around $2.4 million

Butler, 59, is presiding partner of New York's 295-lawyer Cravath, Swaine & Moore. A Harvard law graduate, Butler represented Time in the recent merger with Warner Communications. Clients include Squibb, Ashland Oil and PaineWebber.

The Best Paid Corporate Lawyers

Lawyer/firm	Location	1988 income ($millions)	Law school	Age
David Boies/Cravath, Swaine & Moore	New York, NY	around 2.3	Yale	48
George Kern/Sullivan & Cromwell	New York, NY	over 2	Yale	63
James Fogelson/Wachtell, Lipton, Rosen & Katz	New York, NY	at least 2	New York Univ	47
William Willis/Sullivan & Cromwell	New York, NY	at least 2	Harvard	63
Floyd Abrams/Cahill Gordon & Reindel	New York, NY	around 2	Yale	53
Allen Finkelson/Cravath, Swaine & Moore	New York, NY	around 2	Columbia	43
Jiro Murase/Marks, Murase & White	New York, NY	around 2	Georgetown	61
Rodgin Cohen/Sullivan & Cromwell	New York, NY	around 1.7	Harvard	45
Neil Anderson/Sullivan & Cromwell	New York, NY	around 1.6	Columbia	43
Thomas Boggs/Patton, Boggs & Blow	Washington, DC	1.6	Georgetown	49
Richard Sprague/Sprague, Higgins, Creamer & Sprague	Philadelphia, PA	1.6	Univ of Pennsylvania	64
Perry Snyderman/Rudnick & Wolfe	Chicago, IL	at least 1.5	De Paul Univ	56
Fred Bartlit/Kirkland & Ellis	Chicago, IL	around 1.5	Univ of Illinois	57
Robert Carswell/Shearman & Sterling	New York, NY	around 1.5	Harvard	60
Peter Fishbein/Kaye, Scholer, Fierman, Hays & Handler	New York, NY	around 1.5	Harvard	55
Robert Fiske Jr/Davis Polk & Wardwell	New York, NY	around 1.5	Univ of Michigan	58
Jack Levin/Kirkland & Ellis	Chicago, IL	around 1.5	Harvard	53
John McLoughlin/Latham & Watkins	Los Angeles, CA	around 1.5	Harvard	53
Gerald Schrager/Dreyer & Traub	New York, NY	around 1.5	New York Univ	48
Barry Slotnick/Slotnick & Baker	New York, NY	around 1.5	New York Univ	50
Robert Strauss/Akin, Gump, Strauss, Hauer & Feld	Washington, DC	around 1.5	Univ of Texas	70
Clark Clifford/Clifford & Warnke	Washington, DC	1.5	Washington Univ	82
Henry King/Davis Polk & Wardwell	New York, NY	1.5	Yale	61
Stephen Fraidin/Fried, Frank, Harris, Shriver & Jacobson	New York, NY	around 1.4	Yale	50
Joseph Califano/Dewey, Ballantine, Bushby, Palmer & Wood	Washington, DC	1.4	Harvard	58
Robert Altman/Clifford & Warnke	Washington, DC	around 1.3	George Washington Univ	42
Bud Holman/Kelley Drye & Warren	New York, NY	around 1.3	Yale	60
Larry Sonsini/Wilson, Sonsini, Goodrich & Rosati	Palo Alto, CA	around 1.2	Berkeley	48
Julius Berman/Kaye, Scholer, Fierman, Hays & Handler	New York, NY	1.2	New York Univ	54
Fred Fishman/Kaye, Scholer, Fierman, Hays & Handler	New York, NY	1.2	Harvard	64
Joel Hirschhorn/Broad & Cassel	Miami, FL	1.15	Univ of Wisconsin	46

Boies, a litigator, defended CBS in libel case brought by General William Westmoreland; represented Texaco in litigation with Pennzoil
M&A lawyer; the SEC has brought an action against Kern for violating disclosure rules while representing Allied Stores against Campeau Corp.
M&A lawyer; Fogelson's clients include Wasserstein Perella, Beecham, Goldman Sachs
Litigator; Willis' clients include Exxon and NV Philips
Abrams is a constitutional lawyer; clients include all three networks and the New York Times
M&A lawyer; Finkelson's deals include Campeau takeover of Federated, Grand Met acquisition of Pillsbury
International corporate lawyer; Murase represents many Japanese clients, including Nippon Life Insurance, Mitsui and Sumitomo; also represents U.S. companies in Japan
Banking lawyer; Cohen did Bank of New York takeover of Irving Trust; other banking clients include Mellon and Continental Illinois
M&A lawyer; Anderson represents Morgan Stanley, Grand Met; successfully defended Union Carbide against attempted hostile bid from GAF Corp.
Boggs is one of the most prominent lobbyists in Washington; represented Chrysler in its 1979 loan bailout
Sprague has represented famed trial lawyer F. Lee Bailey in two libel suits, one in 1979 and the other in 1988
Snyderman, a real estate lawyer, invests in most of his clients' deals
Litigator; Bartlit recently successfully defended Katy Industries management against a $70 million securities class action
Corporate lawyer; Carswell is senior partner of the firm; former deputy Treasury secretary under Jimmy Carter; biggest client is Citibank
Litigator; managing partner of Kaye Scholer; Fishbein's clients include Chris-Craft, Drexel trader James Dahl and Carl Lindner
Litigator; specializes in civil litigation and white-collar criminal defense work; a former U.S. Attorney, Fiske was asked by Attorney General Thornburgh to take the deputy attorney general position; he withdrew after opposition from conservatives
Corporate and tax lawyer; Levin's principal clients include First Chicago Venture, Golder, Thoma Cressey Fund and Gaylord Container
McLoughlin, a corporate lawyer, is principal attorney for KKR
Real estate lawyer; Schrager's clients include Donald Trump, Peter Kalikow, Samuel LeFrak
Criminal defense lawyer; Slotnick represented subway gunman Bernhard Goetz; clients have included Mafia biggies
Strauss was special aide to President Carter on the Mideast peace negotiations; former chairman of Democratic National Committee
Former counsel to President Truman; former chairman of the Foreign Intelligence Advisory Board in the Kennedy Administration; Clifford's clients include Knight-Ridder and Du Pont
Litigator; managing partner of Davis Polk; King represented Sullivan & Cromwell lawyer George Kern in his SEC investigation; clients include Imperial Chemical Industries Plc. and UAL Corp. and its board of directors
Corporate securities lawyer; Fraidin recently represented the board of directors of NWA Inc. in connection with sale of company; visiting lecturer at Yale Law School
Former Secretary of Health, Education & Welfare; Califano successfully defended journalists Bob Woodward and Carl Bernstein in a suit that sought to expose the famed Watergate source "Deep Throat"
Altman's clients include former House speaker Jim Wright, First American Bank, Phillips Petroleum and Bert Lance
Litigator; Holman represented Union Carbide in its battle with government of India in Bhopal litigation; represented Hercules Inc. in the Agent Orange $180 million class action settlement
Corporate lawyer; Sonsini specializes in high-tech companies in Silicon Valley; also teaches securities law at Stanford and Berkeley; major clients include Apple Computer, Sun Microsystems, Businessland
Litigator; Berman represents Olympia & York; active in philanthropic organizations
Corporate lawyer; Fishman represents Equitable Life Assurance in its financing and real estate work; represented GTE in its acquisition work
Hirschhorn made his name representing drug dealers; has recently switched to white-collar criminal defense work

The Best Paid Corporate Lawyers

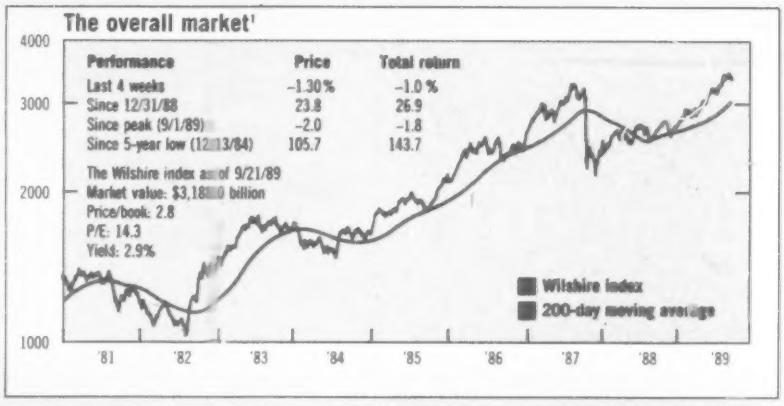
Lawyer/firm	Location	1988 income ($millions)	Law school	Age
Richard Testa/Testa, Hurwitz & Thibeault	Boston, MA	1.1	Harvard	50
Richard Beattie/Simpson Thacher & Bartlett	New York, NY	at least 1	Univ of Pennsylvania	50
Milton Gould/Shea & Gould	New York, NY	at least 1	Cornell	80
Barry Hirsch/Armstrong, Hirsch & Levine	Los Angeles, CA	at least 1	Univ of S Calif	55
Peter Malkin/Wien Malkin & Bettex	New York, NY	at least 1	Harvard	55
Harvey Miller/Weil, Gotshal & Manges	New York, NY	at least 1	Columbia	56
Ira Millstein/Weil, Gotshal & Manges	New York, NY	at least 1	Columbia	62
Peter Mullen/Skadden, Arps, Slate, Meagher & Flom	New York, NY	at least 1	Columbia	61
Jack Nusbaum/Willkie Farr & Gallagher	New York, NY	at least 1	Columbia	49
Harvey Pitt/Fried, Frank, Harris, Shriver & Jacobson	Washington, DC	at least 1	St John's Univ	42
Bruce Ramer/Gang, Tyre, Ramer & Brown	Los Angeles, CA	at least 1	Harvard	56
Thomas Reynolds Jr/Winston & Strawn	Chicago, IL	at least 1	Univ of Michigan	61
John Schmidt/Skadden, Arps, Slate, Meagher & Flom	Chicago, IL	at least 1	Harvard	45
William Shea/Shea & Gould	New York, NY	at least 1	Georgetown	82
Henry Steinman/Latham & Watkins	New York, NY	at least 1	UCLA	57
Brendan Sullivan/Williams & Connolly	Washington, DC	at least 1	Georgetown	47
Peter Tufo/Brown & Wood	New York, NY	at least 1	Yale	51
George Vandeman/Latham & Watkins	Los Angeles, CA	at least 1	Univ of S Calif	49
Stephen Volk/Shearman & Sterling	New York, NY	at least 1	Harvard	53
John Zuccotti/Brown & Wood	New York, NY	at least 1	Yale	52
Evans Attwell/Vinson & Elkins	Houston, TX	around 1	Univ of Texas	58
Jake Bloom/Bloom, Dekom & Hergott	Los Angeles, CA	around 1	Cornell	47
Peter Dekom/Bloom, Dekom & Hergott	Los Angeles, CA	around 1	UCLA	42
Charles Goldstein/Shea & Gould	New York, NY	around 1	Harvard	52
Arthur Liman/Paul, Weiss, Rifkind, Wharton & Garrison	New York, NY	around 1	Harvard	56
James McCartney/Vinson & Elkins	Houston, TX	around 1	Univ of Texas	59
Harry Reasoner/Vinson & Elkins	Houston, TX	around 1	Univ of Texas	50
Stephen Hammerman/Merrill Lynch & Co	New York, NY	1	New York Univ	51
Bruce Kauffman/Dilworth, Paxson, Kalish & Kauffman	Philadelphia, PA	1	Yale	54
Paul Warnke/Clifford & Warnke	Washington, DC	1	Columbia	69

High-tech/venture capital lawyer; Testa's clients include Digital Equipment and Teradyne
M&A lawyer; Beattie specializes in LBO work; represents KKR, Salomon Brothers and Shearson Lehman Hutton; avid motorcyclist
Litigator; Gould represented Israeli Defense Minister Ariel Sharon in his libel suit against Time magazine; represented Jack Kent Cooke in his recent divorce; active in philanthropies
Entertainment lawyer; Hirsch's clients include Tom Cruise, Robert Redford, Bill Murray
Real estate lawyer; son-in-law and former law partner of late philanthropist Lawrence Wien; Malkin's clients include New York real estate developer William Zeckendorf
Bankruptcy lawyer; Miller worked on the Texaco, Eastern Air Lines, W.T. Grant, Continental Airlines bankruptcies
Antitrust litigator; Millstein is counsel to board of directors of General Motors, Bethlehem Steel and R.H. Macy
Executive partner at Skadden; Mullen rarely practices law anymore; focuses on running the 1,000-lawyer firm
M&A lawyer; Nusbaum represented Shearson in the E.F. Hutton acquisition and Donald Trump in Resorts International deal
Litigator; former general counsel of the SEC; Pitt is best known for representing arbitrager Ivan Boesky in his $100 million plea agreement with the government on insider trading charges
Entertainment lawyer; Ramer's clients include Steven Spielberg and Clint Eastwood
Chairman of Winston & Strawn; Reynolds sits on the boards of Gannett, Union Pacific and Frank B. Hall & Co.
Corporate securities lawyer; Schmidt has been a key adviser to Chicago Mayor Richard Daley
Famous sports lawyer and fan; New York's Shea Stadium is named after him; represents Yankees and Mets, Archdiocese of New York, Lilco; still wields considerable political influence in New York affairs
Corporate lawyer; Steinman's clients include Peter Ueberroth, Drexel Burnham Lambert, KKR
Litigator; Sullivan represented Oliver North in Iran-Contra scandal; also represented former president of Beechnut in fake apple juice case
Real estate lawyer/litigator; Tufo represents Columbia University and Sotheby's; current chairman of the New York State Thruway Authority
M&A lawyer; Vandeman's past deals include Ted Turner's unsuccessful bid for CBS, Turner's acquisition of MGM film library, and Marvin Davis' unsuccessful bid for NWA Inc.
M&A lawyer; Volk represents many investment banks; structured recent First Boston-Crédit Suisse buyout, in which First Boston was taken private
Real estate lawyer; Zuccotti represents large number of New York developers, including Milstein family and Leonard Stern; active in public interest work; former first deputy mayor of New York, current cochairman of the Citizens Commission on AIDS
Attwell is managing partner of firm; clients include Bunker and Herbert Hunt
Entertainment lawyer; Bloom's clients include Sylvester Stallone, Arnold Schwarzenegger, Bruce Willis
Entertainment lawyer; Dekom specializes in motion picture and television financing and representing production companies; most recently engineered JVC Victor's movie production deal with producer Larry Gordon
Goldstein, one of the most prominent New York real estate lawyers, represents at least half of The Forbes Four Hundred real estate moguls
Litigator; Liman was chief counsel to the Senate subcommittee in Iran-Contra scandal; former president of the Legal Aid Society in New York; currently represents Michael Milken
Litigator; McCartney's clients include Amoco Production, Mobil Oil and Fina Oil & Gas
Corporate lawyer; Reasoner recently won $750 million settlement for client Energy Transportation System in antitrust suit brought against Santa Fe Railroad and other railroads
Hammerman is general counsel of Merrill Lynch
Litigator; Kauffman's clients include Armand Hammer, Frank Sinatra; member of MOVE Commission panel investigating allegations of wrongdoing by Philadelphia Mayor Goode and police
Chief negotiator on the SALT II arms agreement; Warnke defended Procter & Gamble in a case charging the company with fixing price of vegetable oils

The Forbes Wall Street Review

Edited by Eric S. Hardy

Jitters in the junk bond market over debt issued by Campeau and Resorts International extended to the stock market. The Dow industrials ended the recent two-week period with a 1% loss, off 70 points from the Sept. 1 high. Large banks, however, bucked the trend, as investors reacted favorably to moves by banks like Manufacturers Hanover and Chase Manhattan to increase their reserves for Latin American loans. Some money managers are now hoping that Wall Street will start to focus on the positive impact of a possible capital gains tax cut next year.



Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,390.29	-0.8%
Wilshire index 6,000 stocks, equal weighted	23.11	0.0
Dow Jones industrials 30 stocks, divisor-adjusted price average	2,680.28	-1.0
S&P 500 Capitalization weighted cross-section, major stocks	345.70	-0.8
NYSE Capitalization weighted, all listed common stocks	192.16	-0.8
Amex Capitalization weighted total return: stocks, warrants	380.04	-0.8
Nasdaq Capitalization weighted, all issues except warrants	467.00	-0.6
Amex international market index Capitalization weighted, 50 largest ADRs	318.28	0.0

Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[2] (EAFE) a dollar denominated capitalization weighted index	962.90	1.0%
Institutional[3] Approximately 200 stocks with high institutional ownership	121.89	-1.9
Individual[3] Approximately 200 stocks with low institutional ownership	112.66	-0.6
Technology Hambrecht & Quist index	264.87	-0.2
Gold[4] (Composite quote of 6 major dealers)	$363.40	1.0
Yen[4] (per $U.S.)	145.70	unchanged
Commodity index[4] (1967 = 100)	226.77	0.4
Oil[4] (W Texas Intermediate)	$19.62	1.1
T Bills[4] (90 days)	7.80%	-3 basis points[5]
Broker loan rate[4]	10.00%	unchanged

The Best Performing Stocks

Company	Price	2-week change	P/E	Reason
Connaught BioScience	28½	32%	17	Bidding war between Ciba-Geigy and [illegible]
Atari	12⅜	25	38	Analysts like company's new laptop computer
Telerate	20⅛	24	22	Dow Jones offers $18 per share for company's remaining shares
Nike	64	23	14	Record first-quarter earnings of $76 million, or $2.01 per share
LA Gear	74¼	19	18	Pop star Michael Jackson to design one line of signature shoes

The Worst Performing Stocks

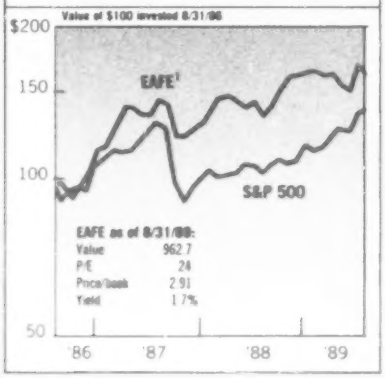
Company	Price	2-week change	P/E	Reason
First Executive	10½	-21%	21	Lawsuit filed by stockholders, claiming breach of fiduciary duty by management
First Bank Sys	20¼	-21	NA	Ceo resigns; announces restructuring plan that cuts 15% to 20% of workforce
Turner Broadcast Sys	48½	-13	NA	Announces plan to restructure debt
Tiffany	52½	-13	29	Takeover threat subsides; department store giant Mitsukoshi agrees to buy 10% of stock
Upjohn	35¼	-13	18	Its highly profitable sleeping pill Halcion under FDA investigation

Note: All data for periods ending 9/21/89. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above all have market capitalizations of $500 million or more. [1]Capitalization weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2]Morgan Stanley Capital International Perspective. [3]A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [4]Knight-Ridder Financial Information. [5]A basis point is equal to one-hundredth of a percentage point. NA: Not applicable.

World Markets Review

Edited by Gustavo Lombo

Foreign vs. U.S. markets



Developed markets

Market	Total return[2] 3 months	12 months	P/E
New Zealand	36%	22%	122
Austria	33	80	39
Switzerland	30	42	18
Italy	25	39	15
Australia	19	12	11
Belgium	4	24	13
Singapore[3]	4	38	21
Japan	1	16	50
Finland	–7	5	12
Hong Kong	–10	8	9

Emerging markets[4]

Region	Total return[2] 3 months	12 months	P/E
Latin America	–17%	60%	NA
Asia	15	45	NA

Country	Total return[2] 3 months	12 months	P/E
Turkey	51%	25%	6
Mexico	32	64	7
Philippines	29	78	19
Brazil	–37	87	NA
India	–12	–1	18
Venezuela	–10	–40	4

No place like home. Morgan Stanley Capital International Perspective reports that over the past year its EAFE price index (which measures the performance of over 1,000 companies in Europe, Australia, New Zealand and the Far East) shows a 21% price gain in dollar terms. In the U.S., meanwhile, the Wilshire index of almost 6,000 stocks posted a 32% increase for the 12 months ended in August. Likewise for the most recent 3 months: The EAFE finished with a 5% gain, versus an increase of almost 9% for the Wilshire. Why did the EAFE index lag the U.S.? "It was the strength of the U.S. dollar against other major currencies and the sluggishness of the Japanese market," explains Paul Jackson of Morgan Stanley. Almost a quarter of the stocks in the EAFE index are Japanese. The best foreign markets during the last 3 months were relatively small ones: New Zealand, Austria and Switzerland. New Zealand, hit hard by the crash of 1987, shows a 3-month gain of 36%.

Who's Hot

Company/country	Business	Price	3-month price change	P/E
Fletcher Challenge/Austria	bldg materials	119	74%	42
LM Ericsson B/Sweden	electronics	123	63	18
Brierley Invest/N Zealand	multicompany	1½	59	12
Orix/Japan	financial svcs	41	48	21
Credito Italiano/Italy	banking	2⅛	47	17

Who's Not

Company/country	Business	Price	3-month price change	P/E
Aziend/Spain	bldg materials	9⅞	–28%	31
Amstrad/UK	data processing	1⅛	–27	4
Swire Pacific A/Hong Kong	multicompany	1⅞	–21	8
Kawasaki Steel/Japan	steel	5⅞	–20	51
Jujo Paper/Japan	paper products	7⅞	–17	34

Cheap Foreign Stocks

Company/country	Business	Price	Earnings	P/E
Nat Westminster Bk/UK	banking	5⅛	$0.96	6
Air Canada/Canada	airlines	12⅛	1.64	7
Ratners/UK	retail jewelery	4	0.45	9
Volkswagen Vorzug/Germany	automotive	212	23.06	9
VNU/Netherlands	broadcast & pub	48⅝	4.79	10

High-Yielding Foreign Stocks

Company/country	Business	Price	Yield	P/E
Hidroelectrica/Spain	utility	4	9.1%	10
Iberduero/Spain	utility	1	9.0	9
Standard Chartered/UK	banking	8⅝	8.5	19
Autopistas M Kostrum/Spain	construction	1	8.2	11
Royal Insurance Hldg/UK	insurance	7	7.1	15

Note: All data for period ending 8/31/89. Selected stocks have a market capitalizaton of at least $300 million. [1]EAFE is a price return index of European, Australian, New Zealand and Far Eastern stocks converted into U.S. dollars. [2]Performance numbers reflect both local price change and currency fluctuation. Dividends are reinvested after subtracting foreign withholding tax. [3]Includes Malaysia. [4]Source: International Finance Corporation. Data for period ending 7/31/89. NA: Not applicable. *Principal source: Morgan Stanley Capital International Perspectiv*

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THE EIGHTH ANNUAL FORBES 400

OCTOBER 23, 1989

FOUR DOLLARS SEVENTY-FIVE CENTS

THE RICHEST PEOPLE IN AMERICA

MEET AMERICA'S NEWEST SUPERRICH: HOW DID THEY GET THAT WAY?

JAMES GRANT: MICHAEL MILKEN MEET SEWELL AVERY

THE DODGE BROTHERS' SAD SAGA: DO YOU SINCERELY WANT YOUR HEIRS TO BE MISERABLE?

GEORGE GILDER: WHY AREN'T THERE MORE MICROCHIP INNOVATORS AMONG THE WEALTHY?

WEY HAROLD SIMMONS, IRWIN JACOBS, SHELBY DAVIS AND SAM ZELL THINK STOCKS ARE GOING MUCH HIGHER

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THE RICHEST PEOPLE IN AMERICA

The Forbes Four Hundred

OCTOBER 23, 1989
VOLUME 144
NUMBER 9

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Subscriber copies of this magazine were mailed with FORBES' new magazine—*Personal Affairs*—as a supplement. If you would like your own complimentary copy, mail in the request card in this issue, or write to Forbes, 60 Fifth Avenue, New York, N.Y. 10011. Attn.: Mariann Blaine.

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The rich got richer

The price of admission to The Forbes Four Hundred hit a record $275 million in net worth this year, up from $225 million last year. Harold Seneker, our veteran chronicler of the very rich, further refined his already sophisticated methods, assisted by Dolores Lataniotis, Graham Button, Vicki Contavespi, John DeMatteo, Toddi Gutner and Miles Epstein. Librarian Clarita Jones gathered the thousands of documents, articles and books that supplement our reporting on who's got what where.

A different sort of accumulation

With this eighth annual edition of The Forbes Four Hundred, subscribers receive the premier issue of FORBES *Personal Affairs*, a magazine full of practical yet fun information about living well. You'll learn about creating your own home movie theater. About an offbeat luxury cruise down the coast of Chile. You'll learn what art auction professionals themselves collect. Why top Wall Streeters like George Ball are squash demons. There are articles about where to buy custom-made cuff links, and such other unnecessary but delightful luxuries as deerstalking in the Scottish Highlands and $3,800 custom-made rocking chairs.

FORBES *Personal Affairs* is the brainchild of Christopher and Timothy Forbes and builds on the popularity of this magazine's Personal Affairs section. Christopher Forbes explains it this way: "In getting around and meeting business people we noticed that many of them were much more knowledgeable about making money than about spending it. Yet few of them turned to the existing lifestyle magazines for guidance. We saw a niche here for a publication dedicated to accumulating, not money, but pleasurable and tasteful experiences."

Richard Bowditch

Christopher Forbes, Everett Halvorsen, Carolyn Torcellini, Roger Zapke, William Flanagan, Lauren Stockbower, Timothy Forbes

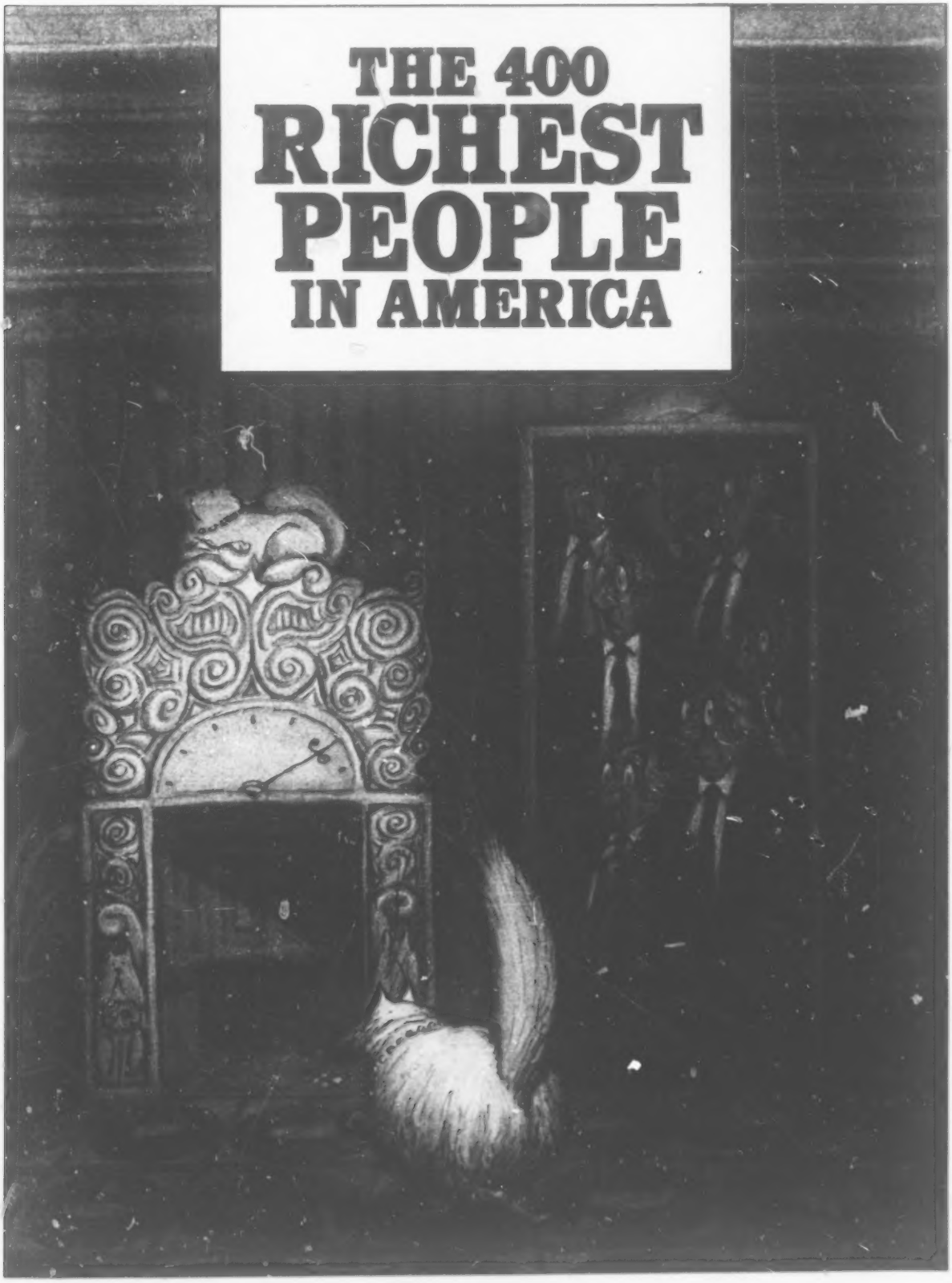
Editor of the maiden issue was William G. Flanagan, who has run our Personal Affairs section since it was introduced in 1980; Carolyn Torcellini assisted. Everett Halvorsen was design director, Roger Zapke art director, Lauren Stockbower photo editor.

If you bought this issue of FORBES on the newsstand and would like a complimentary copy of this first issue of FORBES *Personal Affairs*, simply return the card enclosed in this copy.

Lawrence Minard

Managing Editor

THE 400 RICHEST PEOPLE IN AMERICA



The Forbes Four Hundred

By Harold Seneker
With Dolores Lataniotis, Graham Button and Vicki Contavespi
Illustrated by Brian Ajhar

Fans of Sam Walton have grown accustomed to seeing him at the head of our list these past four years. This year, though, they will find John Kluge heading The Forbes Four Hundred instead, at $5.2 billion. Don't worry, Sam is fine, and the Walton shares in Wal-Mart Stores and other assets are worth more than ever, some $9 billion, up from $6.7 billion last year. But this year, for the first time, the Walton fortune becomes a family affair, so Sam and his four children appear together on page 162, with the Wal-Mart money allocated among them, at $1.8 billion each.

One of our major headaches in compiling our list is making this sort of decision: At what point does actual control of the family fortune pass from parent to child, and therefore at what point should the family's wealth be realigned? In Sam's case, he has made it relatively easy for us. Age 71 this year, he clearly is becoming less active. He has given up the job of chief executive officer at the company he founded and built, retaining only the chairmanship. The children—who are all active adults in their 40s with professional interests and families of their own—are taking an increasing role in investment decisions for the family holding company. Even the holding company itself is being reorganized this year from the family corporation Sam initially set up into a straightforward partnership, with Sam and each of his four children full and equal partners. To us, this means that the mantle has begun to pass in Bentonville, Ark.

And Kluge? He was last year's number two, and he has had a few changes himself—about $2 billion worth. We pegged him at $3.2 billion last year. Most of the increase comes from a tripling this year in the already dizzying prices people have been paying for cellular phone licenses. Some people might call this luck, but Kluge started buying cellular back in 1982. *Kluge*, you might recall, is the German word for "smart."

Third place was something of a surprise, too: Sumner Redstone, the movie theater operator who took Viacom, the $1 billion TV and cable TV outfit, private one day—and took it public the next, thereby getting billionaire status for the first time last year. Viacom's stock market value has almost tripled in a year, too, putting him just a hair under $3 billion. Not bad for someone with a showing of just $535 million as recently as 1987. That's a compound annual rate of return of about 132%.

Then there's Ron Perelman, down at number five, but way up in our estimation for other reasons. See the details on page 360.

Altogether, we identified number of American billiona year—66 individuals, after bil Gus Busch's passing in St. Lo Sept. 29, as most of this issu coming off press. Had we had time replace him among The Four Hundred this year, B.F. Saul II, banker and real estate investor of Chevy Chase, Md. with an estimated net worth of at least $275 million, would have appeared at the bottom of The Forbes Four Hundred. (For billionaire-comparers, we list non-U.S. billionaire individuals and families, p. 336.)

It is a testimonial to the power of the media—and media monopolies—that seven of the top ten names in our list have all or a significant part of their fortunes in media and communications—the Coxes, the Newhouses, and even 1989's number two man, Warren Buffett, whose Berkshire Hathaway has a big investment in Capital Cities and is long-time owner of the only Buffalo newspaper. In all, 72 members of this year's list, or 18%, are the owners of media fortunes. Among them, count the irrepressible

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New York Historical Society

Starting on page 200: Great moments in the lives of America's very rich. Photo research by Ellen Horan with accompanying text by John Gordon

Ted Turner, whose Turner Broadcasting stock also tripled this year. Yes, he's a billionaire now, too.

There are plenty of changes farther down this year's listing—rises, falls, new arrivals (36 of them—see box at right; each new arrival is marked in the listings with a *) and 24 returnees who had slipped off in previous years but made impressive comebacks. This year's 400th fortune was an estimated $275 million or more, a hefty 22% increase from last year's $225 million. For perspective, that $275 million figure beats out more than three-fourths of the fortunes we estimated in our very first Forbes Four Hundred, in 1982, when the last U.S. recession was bottoming out.

Our story, of course, is not only of increasing wealth. There are soft spots too; the most visible one this year was real estate. For the first time, Forbes Four Hundred reporters found real estate values virtually static in almost every part of the country—except in places where they are significantly down. Only Los Angeles residential real estate was unambiguously up *(see story, p. 48)*.

Consequently, two of the biggest casualties this year were Trammell Crow, whose estimated fortune fell from $775 million to $300 million and is still heading south; and his most notable acolyte in the growth-and-leverage real estate game, Mack Pogue, who dropped off altogether (FORBES, *May 1*).

This could be a major business trend in the making: One of our Money Men in this year's issue, Chicago's Sam Zell, who made most of his fortune being smarter about trouble and real estate than almost anyone in sight, succinctly explains one reason why *(see p. 362)*.

So what will happen by this time next year? Will cellular phones triple again? Will real estate fall further out of bed? Will Warren Buffett turn to philanthropy and move off The Forbes Four Hundred, in the same way that New Jersey's Ray Chambers already has *(see p. 118)*? Consider the pages that follow an educational but interim report on our continuing research into great wealth in America. Our only guarantee: Next year, we will find yet more surprises.

New among The Forbes Four Hundred

Of the 36 new names on The Forbes Four Hundred this year, 15 are there thanks to inheritance or parental generosity. The death in April of John Dorrance Jr., for example, brought onto the list 3 new members of the Campbell Soup family. Another example: The three "Georgettes," daughters of the late George Getty, can thank the courts for resolving the estate of J. Paul Getty. Their share was $1 billion. Four Waltons *(see story)* and the Washington Post Co.'s Donald Graham also make their debuts, as does Lucille Carver, whose late husband left her a block of Bandag, Inc.'s rising stock.

The self-made entrepreneurs joining The Four Hundred's exclusive ranks are an interesting lot. Arthur Cohen has fought his way back from near disaster in less than 15 years doing real estate deals all over the country, then letting others manage the properties. And Kingdon Gould Jr., a lineal descendant of robber baron Jay Gould, claims inheritance contributed little to his real estate fortune.

The wealthiest of the newly discovered self-made are wealthy indeed. J.D. Hollingsworth, Jim Moran and J.H. Marshall II all weigh in at the $700 million or so mark. Each is a unique story. Marshall built his fortune via Kansas' Koch Industries, after a stint as assistant dean at Yale Law School. For Hollingsworth's story, see page 34; for Moran's, page 54.

Voters' environmental concerns could make waste disposal and cleanup a boom industry of the Nineties, so John Rangos Sr., whose publicly owned Chambers Development owns landfills, may be starting a new Four Hundred trend. Contrarian Jon Huntsman made most of his $450 million fortune in half a decade buying petrochemical plants when everybody said that American industry was dying. Nelson Peltz started buying into basic industries at nearly the same time, one of the biggest beneficiaries of all of Mike Milken's junk bonds.

Finally, the ascendancy of Joe Jamail proves great wealth doesn't need to be built or inherited: It can be commandeered in court—in Jamail's case, in fees from Pennzoil for beating Texaco. Jamail is the first to make The Four Hundred through the practice of law, but absent meaningful tort reform, he is unlikely to be the last.

Name	($mil)	Page
S. Robson Walton	1,800	162
John T. Walton	1,800	162
Jim C. Walton	1,800	162
Alice L. Walton	1,800	162
John D. Hollingsworth	750	204
James Martin Moran	700	205
James Howard Marshall II	670	208
John Thompson Dorrance III	650	208
Bennett Dorrance	650	208
Mary Alice Dorrance Malone	650	208
William Michael Cafaro	500	223
George L. Lindemann	460	232
Jon M. Huntsman	450	236
Michael Robert Forman	450	236
Howard Butcher Hillman	420	242
Tatnall Lea Hillman	420	242
John G. Rangos Sr.	415	242
Dennis Washington	400	247

Name	($mil)	Page
Nelson Peltz	400	250
Donald E. Graham	390	226
Arthur G. Cohen	350	264
Ralph McAllister Ingersoll II	345	264
Anne C. Getty Earhart	330	268
Caroline Marie Getty	330	268
Claire Eugenia Getty Perry	330	268
Joseph Dahr Jamail Jr.	325	270
Harry Lebensfeld	325	272
Lucille Carver	320	272
Leonard Tow	315	276
Eli Broad	310	276
Kenneth Eugene Behring	300	278
Robert J. Congel	300	279
Cleon T. (Bud) Knapp	300	279
Robert Drayton McLane Jr.	300	281
Kingdon Gould Jr.	290	284
Arthur L. Williams Jr.	290	287

Everything you always wanted to know about private wealth in America but were afraid to ask. (Maybe we shouldn't have.)

The many paths to riches

By Joe Queenan

HERE'S WHAT the prototypical member of The Forbes Four Hundred looks like. He is a 63-year-old male working on his 1.4th marriage, who has 3.1 children, a degree from an Ivy League or off-brand Ivy League school and a net worth of $672 million, more than the GNP of Lesotho.

He is most likely to have made his fortune in the manufacturing, real estate or media businesses, least likely to have done it hoisting beams and girders, or foraging about in the cow pastures. Geographically, he is probably a New Yorker or a Californian, but definitely not a resident of Maine, North Dakota or Alaska, none of which has any members on The Forbes Four Hundred. There is also a good chance that he owns at least part of a major league sports franchise. FORBES does not keep figures on weight, height, hat size or diameter of pinky ring finger.

Of the 400 distinguished individuals on the list, 346 are males and 54 are females. A goodly number, but surprisingly not the majority, of the 400 have taken the most direct route to fame and/or fortune (usually, only the latter) with a genetic passport: A full 40% (159) inherited their way to the top.

More surprising is the number who were able to make all this money primarily by themselves. A robust 217 of the millionaires or billionaires are self-made men or women. Woman, rather: Of the 54 women on the list only one can be described as self-made: Estée Lauder.

What about the remaining 24 people on the list? They are partially self-made, having gotten their hands on modest fortunes through birth, death, marriage or some other ploy, and then parlayed them into larger, less tidy fortunes.

The Forbes Four Hundred have laudable procreative tendencies, going forth and multiplying 3.1 times on average, though not always with the same comultiplier. This fecundity may be partially explained by the fact that 108 of the 400 have been divorced at least once.

Getting divorced doesn't seem to get in the way of great wealth. Those who have thrown in the conjugal towel at least once check in with an average net worth of $819 million—and that's after deducting alimony payments—while those who have stayed the course with a single spouse report a net worth of just $617 million. The moral is unmistakable: If you're serious about getting hitched to someone you will love, honor, obey and/or cherish till death do you part, make darn sure he or she is worth taking a $200 million hit for.

Educationally speaking, it is probably a waste of time going to a prestigious college if what you really want to do is get very rich. Less than 18% of The Forbes Four Hundred went to an Ivy school. For those who care, the score is: Yale (22), Harvard (17), Penn (12), Princeton (11), Columbia (8), Dartmouth (2), Cornell (2) and Brown (2). The 8 graduates of Columbia University possess the highest net worth: an average of $967 million; this can be explained in part by the fact that no

one ever wastes any time going out for their football team. Trailing Columbia are Yale ($862 million) and Penn ($810 million). Princeton ($596 million) is far behind Columbia, by $371 million. (But Princeton's paper Tigers regularly outperform Columbia's toothless Lions on the gridiron.)

Pedagogically speaking, there are two widely divergent paths to the top of the heap. The first is to go out and get an M.B.A.; the second is to quit high school. Though the 45 M.B.A.s on The Forbes Four Hundred topp[illegible] the list with an average net worth of $895 million, second place was nailed down by the ten high school dropouts, who were worth an astonishing $854 million apiece on average. This figure dwarfs the $696 million net worth of college graduates, the $621 million of folks who went to college for a few years without getting a degree, and the $540 million in average net worth held by high school graduates.

In other words, high school dropouts are worth, on average, $314 million more than their counterparts who hung around for all four years of high school. From the statistician's point of view, the message is clear: Unless you're prepared to gut it out academically all the way up to your M.B.A., you might as well pack it in at age 14. Going for the middle could cost you $314 million.

Of The Forbes Four Hundred, 73% made their fortunes in one of four fields: manufacturing (80), real estate (77), media (72) and finance (63). However, the highest per capita net worth is in technology, whose 13 representatives are worth $843 million apiece, on average, as opposed to the $553 million bagged by those whose fortunes are in real estate. Bringing up the rear are engineering/construction (3) and industry (2), whose members also report the lowest average net worth ($420 million).

More than one in five members of The Forbes Four Hundred—82 to be exact—live in or around New York City, with Los Angeles (32), San Francisco (19), Chicago (18) and Dallas/Fort Worth (18) the next most densely populated plutocratic metropolises. With 11 members on the list, the Washington, D.C. metropolitan area has one of the highest per capita ratios of Forbes Four Hundred members.

On a state-by-state basis, New York (80), California (64) and Texas (31) lead the FORBES hit parade, with Illinois (19), Florida (19) and Pennsylvania (17) in train. One state has a disproportionately large number of megamillionaires: Arkansas. Though Arkansas is one of the poorest states, there are no fewer than 12 razorbacks among The Forbes Four Hundred.

The Arkansan Anomaly is caused by the presence of 6 Waltons, 2 Tysons (the chicken Tysons, not the fighting Tysons), and 1 Rockefeller in the same state. Toss in the Stephens brothers and J.B. Hunt, and you have the highest concentration of multimillionaires in the U.S., with the possible exception of several blocks on New York's Upper East Side. Vermont has a single entry on the list, and no, it is not Ben & Jerry, Ben or Jerry, or any combination thereof. The answer is Mansfield Freeman.

On an uplifting mythological, melting-pot note, the list includes 21 immigrants, whose average net worth is a staggering $912 million—far more than the $658 million hauled down by the native-born heavy hitters. To be sure, not all of the immigrants straggled through Ellis Island with their possessions in a weather-beaten rucksack; press lord Rupert Murdoch came in on the SST.

And note this: 21 people on The Forbes Four Hundred own at least 33% of a major league sports franchise (if the Atlanta Braves and the Miami Heat can be considered major league).

On a purely actuarial basis, the oldest member of The Forbes Four Hundred is the self-made Mansfield Freeman, aged 94, whose net worth is $360 million; the youngest is 32-year-old Caroline Marie Getty, at $330 million. At 33, William Gates is the youngest self-made entry, with a net worth of $1.25 billion.

On a decade-by-decade basis, the wealthiest members of The Forbes Four Hundred are in their 40s ($775 million), while the next closest age group consists of the four folks who are closing in on 100; they have an average net worth of $685 million. Intriguingly, while nonagenarians have an average net worth of $685 million, octogenarians have a net worth a full $105 million less. Must be those ten extra years of interest collected from jumbo CDs.

Only two of The Forbes Four Hundred have been in Chapter 11. But as articles elsewhere in this issue note, times are changing in ways that could make this last statistic the most interesting of all in the next few years. ■

RULES OF THE CHASE

OUR ESTIMATES of people's net worth are deliberately conservative. It is possible to say with some confidence that a person is worth more than a given amount; it is often extremely difficult or impossible to establish exactly how much more. Our basic operating principle is to think in terms of how much a prudent buyer, knowing what we know as we go to press, might be willing to pay for a person's net assets.

To arrive at coherent estimates of wealth, FORBES adopts a number of basic rules:

- Blocks of publicly traded stock are priced at the market close on Sept. 8.
- Privately held companies are valued according to estimated revenues and earnings and to prevailing price/earnings ratios for publicly traded companies in similar businesses. In some instances, multiples of cash flow are used.
- When earnings and cash flow aren't known or are suspect, we adopt rule-of-thumb conventions. In the current market, newspapers, for instance, can be valued at two or more times revenues, less debt. Television and radio stations, cable systems and some newspapers are valued for us by authoritative media brokers who track them professionally *(see Acknowledgments, p. 358)*.
- Among oil and gas producers we rarely go beyond putting fair valuation on their reserves, to be conservative. Some oil and real estate magnates have substantial assets not in their own names, so in one or two cases we were forced to rely on consensus estimates of knowledgeable peers. These estimates, naturally, are treated cautiously.

The fortunes of the very rich are, of course, difficult to calculate. Often it isn't even clear exactly who owns a great fortune. It is frequently parked, at least partly, in the names of the immediate family or concealed in private investment companies. Or, more difficult to find, it is held in trusts, where separate elements of ownership (control of principal, receipt of income, power to name heirs, etc.) are deliberately spread among different people to defend against inheritance tax laws.

- In the matter of trusts and other intrafamily arrangements, we proceed on a case-by-case basis, applying common sense. Most plainly exist to carry out a normal pattern of inheritance (to husbands, wives or offspring) and to minimize inheritance taxes. We look at who controls the wealth. Trusts are generally attributed to the person who created the wealth, if still alive and in control; or, if that person is not alive, to the principal controlling family member or members (and not the family lawyers).

Obversely, spendthrift trusts, which are meant to keep control out of the hands of beneficiaries, are not credited to the beneficiaries; only estimated trust income is counted.

For an example, consider the Getty family. For years Gordon Getty, as sole trustee of the major family trust, made all investment decisions—such as selling Getty Oil to Texaco—without any other family members. He also controlled distribution of trust income for himself, one brother, and nieces and nephews.

The principal was never his to bet at the track or spend on wine, women and song. But otherwise his power was nearly absolute, and he already had more spending money than he could use outside the trust. In a practical sense he differed little from the outright heir who chooses not to spend capital but rather to manage responsibly a fortune for himself and his family. We attributed the fortune to him then.

But the family went to court. He no longer acted as trustee. He remained on our list, but at a lower level reflecting his estimated personal assets, while control of the trust remained in court-ordered limbo. Now the Getty trust is broken up, and other family members have acquired similar powers over their portions and are included this year.

Lawyers sometimes say a trust is "owned" by those who ultimately will receive the principal. Usually, that means the next generation of the family in question. But, in fact, the next generation often has no power to spend or invest principal or to disburse income to themselves.

It is difficult to take such "ownership" seriously, or to count so powerless an "owner" as one of the richest people in America. It is true that a controlling person's powers may be weakened by the limitations of a trust. But every other party's claim to present ownership is far weaker still.

Irrevocable charitable trusts and foundations are not counted as personal wealth at all.

Wealth in the names of spouses and other immediate family members is sometimes assigned to the principal family member, especially where ties are close. Where a family member's shares are sufficient to entitle him or her to a place among the richest people in America, however, we generally list him or her separately. And this practice is, of course, also followed where immediate family members have split because of divorce or other internal family differences.

BILLIONAIRES

John Werner Kluge

Metromedia. Charlottesville, Va.; NYC. 75. Twice divorced, remarried; 3 children. German-born, poor, arrived Detroit 1922. Scholarship Columbia; economics degree 1937. John bought radio station 1946 (Silver Spring, Md.); built string of radio, TV stations; formed Metromedia; added billboards, Harlem Globetrotters, Ice Capades, cellular phone. Convert to Catholicism 1981. Liquidated Metromedia assets in dramatically profitable 1984 buyout; realized $4.65 billion before taxes, debt. Diversified: started computerized billboard painting company, raised Orion Pictures stake to near 70%, bought Ponderosa Steak chain, etc. Started "friendly" LBO firm with partners Stuart Subotnick, Jack Perkowski—first purchase: industrial equipment divisions of Stanadyne for $200 million. Metromedia recently bought ITT telecommunications divisions, increasing long-distance subscriber base to 510,000. Personally bought 80,000 acres in Scotland. But biggest gain in value from premier cellular territories: NYC, Philadelphia, New Jersey. With values more than tripled in year, cellular easy sale at $2.6 billion. Net worth over $5.2 billion.

Louis Psihoyos/Matrix

John Werner Kluge

Warren Edward Buffett

Stock market. Omaha. 59. Married, 3 children. Father stockbroker, served in Congress. First stock purchase, age 11. M.B.A., Columbia; disciple of innovative financial wizard Benjamin Graham. Apprenticed with Graham 1954; used $100,000 to form own investment firm 1956. Dissolved 1969 after thirtyfold growth, no down years (didn't like market prospects). Bought Berkshire Hathaway textile mills 1965 ($12/share); company became vehicle for profitable diversification, investments; textile operations closed 1985 (recent stock price: approx. $7,000/share). Annual report popular reading for genial humor, revelation of master's investments. Long-term investor seeking fundamentals; good management currently in place. Invests "meaningful amounts": $517 million in ABC Broadcasting, $700 million in Salomon Brothers, etc. Withdrew Mutual Savings & Loan of Pasadena from U.S. Savings League over "disgraceful" attempts to weaken capital requirements in S&L bailout. Wealth to be left in trust for two causes: population control, nuclear disarmament; children to receive only token amount, so they won't "do nothing." His 45% Berkshire Hathaway worth over $4.2 billion.

Bonnie Schiffman/Onyx

Warren Edward Buffett

Sumner Murray Redstone

National Amusements, Inc. Newton Centre, Mass. 66. Married, 2 children. Broke Japanese codes during WWII. Graduated Harvard Law School 1947 in top 12 of class. Practiced law briefly. Entered theater business 1954; took over father's drive-in theater chain, built into 400-screen National Amusements Inc. (estimated 1988 sales, $140 million). As investor, huge gains on Twentieth Century Fox, Columbia Pictures takeovers, MGM/UA Home Video buyback. Badly burned in 1979 Boston hotel fire, survived by

Sumner Murray Redstone

clinging to ledge. Taught entertainment law class Boston U. Bought entertainment giant Viacom, valued at $3.4 billion (Showtime, The Movie Channel, MTV, cable, radio, TV stations) 1987. Took public next day, his 83% worth $2.5 billion. Battled John Kluge *(which see)* for control of Orion Pictures; cashed out for approximately $18 million profit. National Amusements, Viacom, etc. worth at least $2.88 billion. "What did I know about MTV? I only knew I couldn't stand looking at it."

Ted Arison

Carnival Cruise Lines. Miami Beach. 65. Divorced, remarried; 2 children by first marriage, 1 adopted in second. Palestine-born son of largest Israeli shipowner. Quit college for British army's Jewish brigade 1942. To New York 1952, lived on $10 a week. Started short-lived cargo line; then air cargo firm, took public, sold out. Saw potential in mass-market cruise business, but joint venture with Norwegian Caribbean Lines ended in vitriolic lawsuit. With schoolmate Meshulam Riklis *(which see)* formed Carnival. In 1972 maiden cruise ran aground with 300 travel agents aboard; bought out Riklis 1974 for $1. Line has been profitable ever since. Now world's largest by passenger count with seven "fun" ships—each has full-scale casino catering to Middle America, usually fully booked. In January bought travel and tourism activities of Holland-America Line. Son Micky, 40, president and CEO. Also operates Nassau casino. Took Carnival public 1987; his and family's 80%, other holdings (Ensign Bank, Atlanta real estate firm, share of Miami Heat basketball franchise) worth at least $2.86 billion.

Gerald Davis

Ted Arison

Ronald Owen Perelman

Leveraged buyouts. NYC. 46. Divorced, remarried; 4 children. Youngster tagged along as father built small Philadelphia conglomerate; sat on board in grade school, later attended Wharton. Borrowed $1.9 million to buy 40% of jewelry distributor 1978, built into MacAndrews & Forbes empire with pyramid power: Use junk leverage to buy undervalued assets; sell but keep cash cows; go after bigger fish. Tenacious dealster bagged Revlon for $3 billion 1986, but his $4.1 billion bid for Gillette failed. Diverse conglomerate now controls cosmetics (Revlon, Max Factor, Charles of the Ritz), drug testing (National Health Laboratories) and licorice. Sold Technicolor for $780 million (bought 1983, $125 million). Investing in media (Marvel Comics, New World Entertainment) through 57%-owned Andrews Group. Still eclectic: camping-gear maker Coleman Co., $545 million, 1989; investing $315 million in bankrupt S&L First Texas Gibralter. Net of heavy debt, worth now estimated $2.75 billion.

Bob Sacha

Ronald Owen Perelman

Samuel Irving Newhouse Jr.
Donald Edward Newhouse

Brothers. Publishing, cable TV. Father Samuel born to East European immigrants; at 16 ran *Bayonne* (N.J.) *Times*. Took over ailing *Staten Island Advance* 1922. Frugal businessman whose cost-cutting strategies produced nation's largest-circulation privately held newspaper chain. Ran business with 3 brothers; 2 sons tagged along on rounds. Knew how to fill a request: "She (my wife) asked for a fashion magazine and I went out and got her *Vogue*." Also rest of Condé Nast 1959. Died 1979. Estate tax case still unsettled: IRS wants $600 million, brothers offer $47 million. Si: NYC. 61. Divorced, remarried; 3

Bruce Zake

Samuel Irving Newhouse Jr.

Robin Platzer

Donald Edward Newhouse

children. Chairman, supervises magazines (total circ. 9.5 million: *New Yorker, Gourmet, Vanity Fair, Parade,* etc.), also Random House. 4 a.m. workday starts. Son Samuel III *Jersey Journal* publisher. Donald: 60. Married, 3 children. *Advance* president, runs 22 papers (total circ. over 3 million), including Newark *Star-Ledger,* Portland *Oregonian,* New Orleans *Times-Picayune;* cable TV (over 1.1 million subscribers). Son Steven, *Jersey Journal* editor. Publishing empire, net of tax case, possible debt, worth $5.2 billion.

Barbara Cox Anthony
Anne Cox Chambers

Sisters. Inheritance. Daughters of country school teacher, reporter James Middleton Cox, who bought *Dayton* (Ohio) *Daily News* 1898 for $26,000. Ohio governor 3 times, lost as Dem. presidential nominee 1920, with running mate FDR. Re-

Sabine Weiss/Rapho

Barbara Cox Anthony

turned to media, built empire with flagship *Atlanta Journal & Constitution* 1939; d. 1957. Son James Jr. diversified into broadcasting, cable; antitrust forced spinoff 1964 Cox Communications; died 1974. Daughters hold 98% Cox Enterprises, now 18 dailies, 10 weeklies, 7 TV stations, 12 radio stations, 1.5 million cable subscribers, Telerep (top billing TV rep firm), etc. Closed Florida's oldest newspaper, *Miami News,* 1988. Anne: Atlanta. 69. Divorced, 3 children. Atlanta society hostess. "Late bloomer" in public affairs, became civic leader: Atlanta's first woman bank director (1973); ambassador to Belgium for friend Jimmy Carter. Barbara: Honolulu. 66. Divorced, widowed, remarried; 2 children. Ranches Hawaii, Texas, Australia. Third husband Garner Anthony, 60, ran company 17 years, completed $1.3 billion buyout/merger of Cox Communications 1985. Son James C. Kennedy, 41, chairman 1988. Both women on board; Anne chairwoman Atlanta newspapers, Barbara chairwoman of Dayton newspapers. Together, worth at least $5 billion.

Henry Ross Perot

Electronic Data Systems. Dallas. 59. Married; 4 daughters, 1 son. Son of Texas cotton broker, delivered newspapers in poor black neighborhood where others feared to go age

Phil Huber/Black Star

Henry Ross Perot

12; earned Eagle Scout badge in least time permitted. Annapolis; left Navy after 4 years. Took IBM sales job, failed to convince IBM to sell data processing services; formed EDS 1962 with $1,000 of wife's savings. "My wife still wants to know why everything's in both our names." Stock crash 1969 cost him $1 billion on paper; shrugged off. Earned $1.4 billion pretax in stock, cash on sale of EDS 1984; bought off with more by GM board after he offered "constructive criticism." EDS clone Perot Systems started last year: no-bid contract with post office derailed by protests from GM: "It's the American way." Injected $20 million into Steve Jobs' Next; helped bankroll I.M. Pei's Morton H. Meyerson Symphony Center in Dallas (so named to honor former EDS president). Son H. Ross Jr. developing space for "global manufacturing" at new airport outside Dallas. Net worth, after research correction, estimated $2.5 billion.

Jay Arthur Pritzker
Robert Alan Pritzker

Brothers. Financiers, manufacturers. Progenitor Nicholas Pritzker to Chicago from Kiev 1881; started law firm 1902; joined by his 3 sons; still Pritzker & Pritzker today. Lawyer son Abram (A.N.) branched into real estate, light manufacturing late 1930s; d. 1986. A.N.'s sons

Kevin Horan/Picture Group

Robert and Jay Pritzker

multiplied holdings. Financial wizard Jay: 67. Married, 4 children. Studied law, used father's credit to help finance own deals. Started Hyatt Hotels 1957; run by brother Donald (d. 1972); known for extravagant architecture; expanding under Jay's son Thomas. Robert: 63. Divorced, remarried; 5 children. The family engineer. Runs over 60 low-tech manufacturing, service firms through Marmon Group (1988 earnings top $200 million): "We don't bet the farm on things." With Wilhelmson shipping family of Norway, family outmaneuvered Ted Arison *(which see)* in bid to acquire Royal Admiral Cruise Lines 1988. Two of Don's 3 children also active in family enterprises. Total Pritzker wealth probably exceeds $4.7 billion.

A. Alfred Taubman

Real estate. Bloomfield Hills, Mich. 65. Divorced, remarried; 3 children. Father Phil was Detroit custom home builder; Al artistic as child, studied fine arts in college; dropout from U. of Michigan to work in construction. Took $5,000 loan to start own firm 1950; switched from contracting to development. Built large regional malls 1960s; uses sense of art and architecture to create chic, harmonious settings designed for retailing; obsession with detail leads to stringent leases and store design requirements. Now operates 19 exclusive malls. Led Ir-

Adolph Alfred Taubman

vine Ranch buyout 1977; earned $150 million on 1983 sale. White knight for Sotheby's 1983; went public 1988, price skyrocketed. Retailer himself: bought department stores Woodward & Lothrop, Wanamaker. Considers all investments retailing-related: "Our consumer society is not driven by the satisfaction of basic needs. It is fueled by fantasy, flight and excitement of a possible purchase." Personally macho, blunt, self-confident, yet highly sensitive to criticism, even with net worth at $2.15 billion.

Lester Crown
(and family)

Inheritance, industrialist. Wilmette, Ill. 64. Married; 7 children, 3 in business. Father renowned Chicago financier "Colonel" Henry Crown, 93, built empire on small sand-and-gravel firm, Material Service Corp., 1919. Merged with General Dynamics 1959 for stock, now

John Madere

Lester Crown

22% stake. Amassed real estate, including Empire State Building, sold reluctantly 1961, estimated $31 million profit. Brother Irving (d. 1987) "the operating man," Henry "the conceptual man." Elder son Robert was heir apparent, died of heart attack 1969. Mantle passed to Harvard M.B.A. son Lester: "There has to be a yes-or-no person." Irving's son-in-law Charles (Corky) Goodman, 55, acts as right hand. Lester, son James, 35, on GD board. Real estate partnership with Tishman Speyer; recent divestitures NYC, Chicago office buildings netted estimated $150 million profit. With real estate, stock (including Maytag, Vulcan Materials, TW Services), interests in New York (baseball) Yankees, Chicago (basketball) Bulls, Yes-Or-No Lester controls family fortune, wants off Forbes Four Hundred: "You would be more embarrassed than words could tell if you knew what my own net worth was, no matter what the family net worth was." FORBES estimates it's at least $2.15 billion.

Edgar Miles Bronfman

Seagram Co. NYC. 60. Married 4 times (twice to current wife); 7 children. Father Samuel got leg up on U.S. liquor business during Prohibi-

Anthony Savignano/Ron Galella

Edgar Miles Bronfman

tion. Took over rival Joseph E. Seagram & Sons Ltd. 1928. Reportedly Canada's largest private landowner 1966; properties then worth $165 million. Sons took business 1971; Charles, Canadian subsidiary; Edgar, American. Seagram Co. Ltd.: more than 275 brands of distilled spirits, some 400 brands of wine; worldwide recognition. Edgar Jr., 34, president & chief operating officer 1989. Skipped college for show biz career, produced movie age 17. Edgar Sr., president World Jewish Congress; travels globe in private jet ("777 Sugar Whiskey") seeking religious freedom for Jews worldwide. His 16% Seagram plus other assets worth at least $2 billion.

Leslie Herbert Wexner

Limited, Inc. Columbus, Ohio. 52. Single. Dropped out of law school; entered parents' clothing store 1961. Disagreed on retailing strate-

Joyce Ravid/Omni

Leslie Herbert Wexner

gies. Leslie opened store "his way" (specialized in women's sportswear) with loan 1963. Success. Built chain. Went national using fast trend-spotting, faster distribution, moderate prices. Overextended in late 1970s: Earnings dropped 55% 1978. Then back on track; even fared well in women's apparel slump 1988: Lean inventories prevented merchandise buildup. Expanded through acquisitions; moved into men's apparel. After nearly freezing to death on mountain 1981, determined to use time purposefully: now active in Jewish, civic charities. Stock, other assets worth $2 billion. Secure at last: "If the world goes to hell, I can earn a very good living as a sweater buyer."

David Packard

Hewlett-Packard. Los Altos Hills, Calif. 77. Widowed, 1 son, 3 daughters. Phi Beta Kappa, Stanford scholar-athlete: basketball, football, track. Founded Hewlett-Packard Co. 1939 in Palo Alto, Calif. garage with $538 and Stanford buddy William Hewlett *(which see)*. Invented revolutionary audio oscillator; sold first one to Walt Disney for movie *Fantasia*. Wives worked to support businessman Hewlett and engineer Packard until company clicked. Fifty-year anniversary 1989: garage known as

Jim Katzenberger

David Packard

birthplace of Silicon Valley, designated California historical landmark. Packard: "I'm not very strong on reminiscing. I think we ought to be looking forward instead of backward." H-P among world leaders electronics, computers: 1988 sales $10 billion. Acted as Richard Nixon's deputy defense secretary 1969-71, chairman of Ronald Reagan's Blue Ribbon Commission on Defense Management 1985-86. Decided 1988 to donate most of fortune to David and Lucile Packard Foundation; transferred 2 million shares worth $110 million so far. Packard's remaining stock worth $1.9 billion.

Harold Clark Simmons

Investments. Dallas and Santa Barbara, Calif. 58. Twice divorced, remarried, 4 daughters. Son of Texas schoolteachers. Loan officer, bought drugstore with $5,000 equity, age 29. Created 100-store chain, sold to Jack Eckard Corp. for $50 million stock 1973. Built conglomerate via hostile takeovers: from

Steven Pumphrey

Harold Clark Simmons

chemical, oil services, timber, sugar, fast food to locks and hardware. Finances most business ventures with own funds. "I don't see myself as a risk-taker. In my business, the odds are with me." Most assets in Valhi Corp., went public 1987. Also real estate holdings Colorado, southern Louisiana. This year, sending messages: increased stake in Lockheed to over 9%, received FTC approval to buy more than $15 million in Paccar, Phelps Dodge, Chrysler, Inland Steel; offered to buy Georgia Gulf Corp. for $1.3 billion. Says traditional takeovers becoming too expensive: "I am seriously considering becoming a minority shareholder and not trying to take over the company." Active philanthropist: $10 million to Dallas-based arthritis research center 1985 (Simmons longtime arthritis sufferer), $41 million to U. of Texas Southwestern Medical Center 1988. Says goal is to build foundation with assets equal to world's largest (Howard Hughes Foundation, $5 billion). Family man, skier, tennis player. Stock, real estate worth $1.9 billion.

Donald Leroy Bren

Real estate. Newport Beach, Calif. 57. Twice divorced, 3 children. Hollywood rich kid: dad late commercial real estate developer/movie producer Milton Bren, stepmother actress Claire Trevor; grew up in Beverly Hills. Attended U. of Washington on skiing scholarship; lost Olympic bid 1956. After Marines, borrowed $100,000 to build first home 1958; sold his homebuilder Bren Co. to International Paper for $35 million 1970; bought back 1972 for reported $22 million. Big move 1977: with Al Taubman, Milt Petrie, Max Fisher, Herb Allen *(all of which see)*, others, bought Irvine Ranch for $337 million. Too many cooks: squabbles with Taubman ("Each of their egos could fill the room"); bought out most partners 1983 for $518 million; ruling

John Harding

Donald Leroy Bren

imminent in Michigan court battle with Joan Irvine Smith, litigious granddaughter of Irvine Co. founder, over buyout price. Star fundraiser for George Bush, honorary delegate at 1988 convention. But "I want to stay out of the spotlight any way I can." Hard to hide one-sixth Orange County (64,000 acres), fortune estimated at least $1.85 billion.

Sam Moore Walton
S. Robson Walton ★
John T. Walton ★
J'n C. Walton ★
Alice L. Walton ★

Father, sons, daughter. Wal-Mart Stores. Sam: Bentonville, Ark. 71. Married, 4 children. Born Kingfisher, Okla.; worked to help support family during Depression (delivered paper, milked cows). Began at J.C. Penney for $85/month, stateside MP WWII. Opened Ben Franklin store, Newport, Ark., 1945 with money saved in Army; lost lease 1950; started over in Bentonville

with brother James L. *(ubich see)*. Proposed discount store concept for small towns: Ben Franklin not interested. Opened first Wal-Mart Rogers, Ark., 1962. Went public 1970, expanded; now over 1,300 Wal-Mart stores, $20.7 billion sales 1988, third-largest retailer in U.S. No longer CEO; still travels weekly checking on stores; pilots own small plane, hunts quail. Opened first Hypermart USA 1987; each the size of 5 football fields. Family's 39% Wal-Mart owned by Walton Enterprises, a family investment firm becoming partnership to avoid double taxation on dividends. S.

Louie Psihoyos/Matrix

Sam Moore Walton

Robson: Bentonville. 45. Divorced, remarried; 3 children. Wal-Mart vice chairman, secretary, general counsel. Law degree, Yale. Bicyclist, races in competitions. John: San Diego. 44. Married, 2 children. Vietnam vet. Limited involvement Walton Enterprises; owns shipbuilding co. San Diego. Also Arizona crop dusting co. Jim: Bentonville. 41. Married, 4 children. President Walton Enterprises, runs family banks, property investments. Architecture buff; interested in preservation of historic buildings. Alice: Rogers, Ark. 40. Twice married; twice divorced. With $19.5 million from Walton Enterprises, started up Llama Co. 1988: combination broker-dealer, fixed-income portfolio manager. Puts in 60-hour weeks. Has 900-acre ranch (cattle, horses). Each sibling, father equal partners in holding company with Wal-Mart stock, other assets worth $9 billion.

Robert Edward (Ted) Turner III

Turner Broadcasting System, Inc. Roswell, Ga. 50. Twice divorced; 2 children by first marriage, 3 children by second marriage. Compulsive daredevil: once drank bottle of Chivas in 10 minutes to win a bet. Saved late father's billboard company; started superstation WTBS Atlanta 1976, cable news channel CNN 1980, Turner Network Television (TNT) 1988. In between won America's Cup with *Courageous*; caught flak for appearing on national television less than sober. Now supplies about 31% basic-cable viewing. Went after CBS; lost; bought $1.4 billion MGM film library 1986. Made enemies, prompted congressional hearings coloring cherished black-and-white films. Got into jam 1987; after debt bailout from cable operators, company thriving. "Mouth of the South" has plenty to talk about: stock up fivefold since Jan. 1988. With personal interests, now worth at least $1.76 billion.

Louie Psihoyos/Matrix

Robert Edward (Ted) Turner III

Donald John Trump

Real estate. NYC. 43. Married, 3 children. Father Fred built Brooklyn and Queens apartments; Donald to New York Military Academy for high school. Fred: "He was a pretty rough fellow when he was small." Joined family real estate business after Fordham, Wharton. Moved on Manhattan 1975: began 1,400-room Grand Hyatt at Grand Central Terminal 1975; topped out opulent Trump Tower NYC 1983; sold condos for $275 million, kept lucrative commercial portion. Moved on Atlantic City 1984: opened Harrah's Trump Plaza casino, bought out Holiday Corp.'s interest, renamed Trump Plaza; bought Trump Castle from Hilton, $320 million, 1985. Bought 400-room NYC landmark Plaza Hotel ("my Mona Lisa") for heady $400 million 1988. Full toy box: "The man in the street, the little guy, digs the limo, the helicopter, the 727." "Trumped" Merv Griffin *(ubich see)* in Resorts deal 1988, getting Taj Mahal casino and $63 million management contract: "He

George Lange/Outline

Donald John Trump

gave me all his money." Landed Trump Shuttle from ailing Eastern Air Lines for $365 million 1989; now back up to 50% market share: "It's going to be a real glamour scene." Plans new television game show *Trump Card*; also new book in works. Wants out of "lower echelons" of mere billionaires; rising value of Atlantic City casinos brings to estimated $1.7 billion.

Charles F. Feeney

Duty Free Shoppers, other investments. London. 58. Married to French woman, 5 children. Founded Duty Free Shoppers in Hong Kong 1960 with classmate at Cor-

Charles F. Feeney

nell School of Hotel Administration, built into world's largest duty-free retailer. Psyched out Japanese tour guides, Japanese tourists (DFS' main customers—tour guides lavished with commissions for guiding to his stores). Left day-to-day management in early 1970s to concentrate on investments of enormous cash flow through Bermuda-based General Atlantic holding company, Hong Kong/San Francisco-based InterPacific: resort hotels in Guam and Saipan; Tahiti shopping center; Hawaii retail clothing chains; Texas discount clothing chain; reportedly, retail record chain in Southeast, posh cashmere store in London, magazines in England. Called high-strung, fast-talking, fast-thinking, frugal: "He never stops." Flies economy class. With 40% DFS, other assets, worth over $1.7 billion.

Charles de Ganahl Koch
David Hamilton Koch

Brothers. Oil. Sons of Fred (d. 1967), cofounder of Koch Engineering Co., 1925. Developed thermal cracking refining process to squeeze extra gas from crude, 1928; Stalin was customer. Upon Fred's death, four sons inherited $250 million (sales) oil marketer; renamed Koch Industries. Charles became aggressive chairman; built new headquarters, bought refinery, moved into chemicals. Now second-largest closely held company in nation after Cargill (reportedly sales $16 billion; about $400 million net earnings). Charles: Wichita, Kans. 53. Married, 2 children. Three degrees MIT; management consultant before managing Koch. David: NYC. 49. Single. Also consulted before joining Koch 1970; now executive VP. Family battle 1981-83 over control with brothers William, Fred *(see both)*: Bill (David's twin) claimed Charles hoarded power, withheld information; sued for mismanagement; Charles claimed Bill had

Charles de Ganahl Koch

Andy Freeberg

David Hamilton Koch

REGIONAL FLIGHT

ATR 42-ATR 72

The cooperation between AEROSPATIALE and AERITALIA has resulted in new aircraft ATR 42 and ATR 72, first editions of the ATR family. These new generation turboprop jets benefit from recently developed state-of-the-art technology. This family of aircraft was designed so that their seating capacity can be extended from 46 to 70 seats in answer to airline passenger traffic fluctuations.

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THE TOTA

"various psychiatric ailments." Settled by $1.5 billion buyout 1983. David: "They wanted cash and they got it. But we got the company." Better than good deal: Charles', David's 80% Koch Industries, etc. now worth at least $3.4 billion.

Harry Brakmann Helmsley

Real estate. NYC and Greenwich, Conn. 80. Divorced, remarried; childless. Harry, son of dry goods salesman, moved to Bronx with family in 1920s; worked in mailroom of real estate firm; later collected rents; partner 1938. Began buying simple, unpretentious buildings in 1930s; they matched Harry's unassuming manner; became Quaker 1940. Pioneered syndication with late Larry Wien; Harry brokered buildings, reinvested commissions; by 1950s prime buildings. Syndicate bought Empire State Building 1961. Today Helmsley-Spear, Inc. controls over 50 million sq. ft. commercial, 50,000 apartments, 13,000 hotel rooms nationwide. Divorced to marry star broker Leona Roberts 1972; together stepped out as socialites, built lavish Helmsley Palace: "I am building the world's finest hotel." Leona ("Rhymes With Rich") faces sentencing November after conviction for tax evasion; Harry declared mentally unfit to stand trial, said to have strokes. Helmsley-Spear, lacking leadership, slipping from once-held top position in NYC. Equity still worth $1.7 billion. "I prefer making money to spending it."

Ron Galella

Harry Brakmann Helmsley

Henry Lea Hillman

Industrialist, venture capitalist. Pittsburgh. 70. Married, 4 children. Cool-headed son of fiery coal-steel-gas magnate John Hartwell Hillman Jr., who nipped at Mellon family heels, built Pittsburgh Coke & Chemical, Texas Gas Transmission, etc. Henry joined business 1946, took over after father's death 1959. Sold smokestack assets, bought real estate, light industrials;

Lynn Johnson/Black Star

Henry Lea Hillman

LOGIC

TECHNICAL PRESENCE: a maintenance network ensures a round-the-clock availability (Toulouse, Washington D.C., Singapore).
TECHNOLOGICAL PRESENCE: concept of a new generation of aircraft.
FINANCIAL PRESENCE: financial advisor.

BUSINESS PRESENCE: 4 marketing centers throughout the world.

ATR

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holdings estimated $300 million 1969. Science/technology follower: Invested in Silicon Valley early 1970s via venture capital funds, later on own. Also backed LBO shops, including early Kohlberg Kravis Roberts *(which see)*; later his own: Copeland Corp. Recent investments: Cytel Corp., fledgling California biotechnology firm; now developing 1,400-acre Pacific resort. Director GE. Private. Wife, Elsie, chaired Bush Pennsylvania campaign; children not in business. Apparently estranged stepbrothers Howard, Tatnall *(which see)* have one-third interest in Hillman Co. Henry's share believed worth over $1.7 billion.

Samuel Jayson LeFrak

Real estate. NYC. 71. Married, 4 children. French architect father, arrived U.S. 1905; founded Lefrak Organization construction firm.

Michele Singer/Outline

Samuel Jayson LeFrak

Son Samuel joined company after U. of Maryland; took control 1948. "Centerpiece" of real estate empire, 4,500-unit LeFrak City in Queens. Developed over 94,000 inexpensive units nationwide (37,000 NYC). Latest project, with Mel Simon *(which see)*, Newport, N.J.: $2.4 billion, 9,000 apartment units, 4.3 million sq. ft. office space to be built on abandoned New Jersey railyards; exuberant, Sam calls it "eighth wonder of the world." Son Richard president Lefrak Organization. Also entertainment, music publishing business (daughter has own music business); oil, gas interests. Knighted by King of Norway 1987. Philanthropic, art lover. Considers self "man of the people." Net worth at least $1.7 billion.

Marvin Harold Davis

Oil, real estate, entertainment. Beverly Hills, Denver. 64. Married, 5 children. Father Jack, British-born boxer, wove fortune in NYC's garment district; began wildcatting 1940s. Marvin: NYU, joined dad 1947; "Mr. Wildcatter" scooped up cheap oil leases in Rockies. Mar-

Phil Roach/Photo reporters

Marvin Harold Davis

vin's guru: lengendary H.L. Hunt ("Son, the guy that drills the most has the chance of coming up with the most"). Invented "Davis deal": find 3 investors to finance, keep 25% of deal for self. Marv came up with $630 million selling some oil properties to Hiram Walker 1981; oil now small part of fortune. Was frequent real estate and oil partner Aetna Life; 1985 Aetna suit charging that Davis "misrepresented" some wells' results continues. Bought with Marc Rich *(which see)* 20th Century Fox. Bought out Rich, sold in stages to Rupert Murdoch *(which see)*; kept prime resorts Pebble Beach Co., Aspen Skiing Co., some $350 million profit. Bought Beverly Hills Hotel from Ivan Boesky for $135 million 1986; flipped to Sultan of Brunei 1987 for $200 million. Bought 2% Lorimar. Hollywood party animal: "I love this stuff, the people and the glamour." Nourishing his 300 lbs., in 1989 tried biggest move yet: $6.2 billion bid for UAL. Sitting on cash, real estate, oil, etc., estimated at least $1.7 billion.

Keith Rupert Murdoch

The News Corp. Ltd. Australia, London, NYC. 58. Divorced, remarried; 4 children. Oxford 1952. Trained on Fleet Street. At 23, after

Dana Fineman/Sygma

Keith Rupert Murdoch

death of father (managing director *Melbourne Herald* parent), took over *Adelaide News*, developed trademark sensationalist headlines. Diversified into magazines, TV; also into U.S., U.K.: *Boston Herald*, *New York* magazine, Twentieth-Century Fox, Fox Broadcasting, *TV Guide*. Trying to build fourth U.S. national network through Fox Broadcasting (breaking even this year after heavy losses—about $100 million since 1987). Naturalized 1985. Recently forced to sell *New York Post* by FCC regulations legislated by longtime nemesis Teddy Kennedy ("liberal totalitarianism"). Debt load frustrating to acquisition thirst; bidding up for MGM/UA anyway; plans new corporation with 20% stake, rest outside investors, to raise money. Murdoch's 49% News Corp., other assets, worth about $1.7 billion.

Leonard Norman Stern

Pet supplies, real estate. NYC. 51. Divorced, remarried; 3 children. Father emigrated from Harz Mountains in Germany with 2,100 canaries obtained in payment for debt; sold birds, related products. Leonard took over at 21, bent on expansion; now rules pet supply market with over 1,200 products; 5,000 products overall; sales estimated $750 million. Reputation as tough competitor. Built separate real estate fortune developing New Jersey Meadowlands (desolate swamp situated athwart highways, railroad in sight of Empire State Building) starting 1969. Wants to build baseball stadium, bring major leagues to New Jersey. Bought left-wing *Vil-*

Adam Scull/Globe

Leonard Norman Stern

lage Voice 1985: "I'm very proud of the *Voice*, but it is sometimes a painful pride." Gave alma mater NYU $30 million gift for establishment of Stern business school last fall. Also philanthropies for homeless. Worth at least $1.5 billion.

Forrest Edward Mars Sr.
Forrest Edward Mars Jr.
John Franklyn Mars
Jacqueline Mars Vogel

Candy. Son, 2 grandsons and granddaughter of Frank and Ethel Mars, Seattle candymakers who moved to Minnesota 1920 after two failures, 1914 bankruptcy. Fortune assured with Milky Way recipe 1923. Frank (d. 1934) financed son Forrest's British candy business to keep him distant. Forrest Sr.: Las Vegas. 80s (spokesman: "Nobody's got the courage to find out how old he is"). Widowed; 2 sons, 1 daughter. Built empire abroad, returned 1940 as one-third owner; added M&M's, Uncle Ben's Rice. Bought out half-sister, got full control from rest of family 1964. Mars, Inc. now one of world's largest candy companies, also Kal Kan pet food, much else; sales estimated near $7 billion, about one-fifth from 37% share U.S. candy bar market. Secret: "Quality first, then worry about profit." Cut costs on nonessentials like cheaper wrappers. All employees including execs punch time clock. Forrest Sr. retired 1973, started Ethel M fine-chocolate boutiques Las Vegas; reportedly now selling to his children. Classic quote: "I pray for Milky Way, I pray for Snickers." Forrest Jr.: McLean, Va. 58. Married, 4 daughters. Secretive like father. Once ran Dutch unit. Now copresident, considered CEO. Pushed new candy image:

Greg Matheson/MAI

Forrest Edward Mars Sr.

gives energy, not pimples. John: Arlington, Va. 54. Married; 1 son, 1 daughter. Called brusque, strong-willed. Began in Australian operations. Jacqueline: Bedminster, N.J. 50. Divorced, remarried; 3 children. Director. Siblings said to own Mars, yet still visibly insecure at mention of father's name; four share control of secretive company worth at least $6 billion.

August Anheuser Busch Jr.

Anheuser-Busch. St. Louis. 90. Widowed, twice divorced, widowed again; 10 children. Immigrant grandfather Adolphus Busch sold business to join father-in-law's brewery 1866. Family considered

Frank Oberle/Photographic Resources

August Anheuser Busch Jr.

Prohibition "a challenge," diversified. August Jr. joined 1922, janitor. President 1946, piloted company from lethargy back to ascendancy in U.S. brewing. Purchased baseball Cardinals 1953 to keep in St. Louis: "Something in the public interest . . . which is profitable . . . is very good business." Still active Cards president. Has said his three "major love affairs" were family, company, the "community of St. Louis." Denied city approval to build multipurpose arena, so nixed purchase of St. Louis (hockey) Blues. Autocratic, workaholic son, August III, 52, now runs company. Maintains industry leadership with vigorous, innovative marketing; insists on top-quality staff. Father's shares now worth $1.5 billion.

Robert Muse Bass

Oil, investments. Fort Worth. 41. Married, 2 children. Third son of oilman Perry Richardson Bass, who expanded oil holdings inherited from tycoon uncle Sid Richardson (d. 1951). Perry retired 1968, left

Ben Weaver

Robert Muse Bass

family empire to sons. Eldest, Sid *(which see; also Lee, Edward)*, steered out of oil into stocks (Disney, Texaco, etc.), real estate. Robert (also Andover, Yale, Stanford business grad) felt overshadowed, split 1983, moved one floor down in Bass-built Fort Worth office tower. Sold most of Disney stake; shrewd investments since: media (Taft Broadcasting, cable TV, Times Publishing), real estate (Westin Hotels, etc.), information (bought Bell & Howell, bid for Macmillan). Bought into biggest S&L buyout, American S&L

Assoc. of Calif. Partners with Shearson, Amex, Equitable in LBO outfit Acadia Partners. Avoids press, but rumored political ambitions. Chairman National Trust for Historic Preservation, paid $2 million for U.S. Grant's Georgetown home 1985. Own investment gains to date believed to exceed his share of family fortune; total worth at least $1.44 billion.

Ray Lee Hunt

Inheritance, oil, real estate. Runs fortune for the "second family" (third, chronologically) of H. L. Hunt, who married Ruth Ray and adopted kids 1957 after death of first wife 1955 (long kept families secret from each other; *see Rose Hunt, Hill*). Ray Lee: Dallas. 46. Married, 5 children. His mother, Ruth Ray Hunt: Dallas. 72. Widowed, 4 children. His sister Ruth June: Dallas. 44. Single. Sister Helen: NYC. 40. Divorced, remarried; 6 children. Sister Swanee: Denver. 39. Divorced, remarried. Family inherited Hunt oil company, etc. 1974; "amicably" split from first family. Fortune run by Ray: conservative businessman, turned company around, expanded. Gigantic oil strike North Yemen 1984; 10% Beatrice oil field in North Sea. Also Woodbine Development, real estate around Dallas, Fort Worth.

Steven Pumphrey

Ray Lee Hunt

Started *D* magazine, has others. Also active civic affairs. Ruth June professional Christian speaker-singer; Swanee and Helen help social causes for mentally ill, poor. Not involved in first family silver play disaster; fortune of second family worth at least $1.4 billion.

Edward John DeBartolo

Shopping centers. Boardman, Ohio. 80. Widowed; 1 son, 1 daughter. Said to have 178 IQ. Started in stepfather's contracting business writing bids age 13. Engineering at Notre Dame; Army Engineers WWII.

Edward John DeBartolo

"I decided I wasn't going to let anybody guide my destiny. I decided to get into the development end of everything." Started own firm 1944: homes for returning vets. Realized suburbanites would need retail outlets: first strip stores 1949. Giant risk, giant success: Added huge regional malls 1960s. Mr. D now "King of malls" with 89 million sq. ft. "We've never taken a step backward, no matter the time, economic conditions or financing." Now takeovers: funded Robert Campeau acquisition of Allied, Federated Stores; funded Paul Bilzerian takeover attempts, but agreed to pay back $2.7 million after SEC charges. Gave $33 million to Notre Dame this year. Net worth now estimated at least $1.4 billion. Still maintains grueling 7-day work week: "I can't understand this business of retirement."

Walter Hubert Annenberg

Publishing. Wynnewood, Pa.; Rancho Mirage, Calif. 81. Divorced, remarried; 1 daughter (1 son deceased). Son of Moses Annenberg, founder predecessor Triangle Publications *(Philadelphia Inquirer, Daily Racing Form)*; died 1942. Walter inherited age 32, built up. Started *TV Guide* 1953, turned it into largest-circulation magazine in U.S.; household word, phenomenal money machine. Also *Seventeen, Good Food.* Sold *Inquirer* 1970 to Knight-Ridder. Ex-ambassador to Court of St. James's (1969-74). Sale of Triangle to Rupert Murdoch *(which see)* for $3.2 billion 1988 a stunner. Has given over $1 billion to foundations, philanthropies. With his share of Triangle, Impressionist art collection, General Motors stock ("largest individual shareholder"), etc., fortune should be at least $1.4 billion, net of philanthropy.

David Strick/Onyx

Walter Hubert Annenberg

Roger Milliken

Textiles. Spartanburg, S.C. 73. Married, 5 children. Heir of Seth Milliken, who, with William Deering (later left to start firm that became Navistar), started as agent selling fabric Portland, Me., 1865. Built company debt-free and liquid; able to buy failing southern mills during Depression. Now grandson Roger chairman Milliken Mills, largest privately owned textile firm in U.S.; sales estimated $2.5 billion. Strong management skills: close cost control; margins estimated 7% to 8%. Closed Darlington mill 1956, one day after workers voted to unionize; Supreme Court overruled (but took 24 years), workers

Ed Keating

Roger Milliken

settled for $5 million. Led anti-import public relations blitz 1985: "We are sacrificing our industrial base on the altar of free trade, a god no other nation worships." Also has 40% Mercantile Stores from Depression days. "It's always been work, work, work." All that effort has paid off: Believed to control share worth at least $1.4 billion of family empire *(see also Gerrish, Minot Milliken).*

Laurence Allan Tisch
Preston Robert Tisch

Brothers. Loews Corp. Bought Lakewood, N.J. resort with father 1946 after selling family summer camp; 12-hotel chain by 1955; next year built $17 million Fla. hotel without mortgage. Gained control of Loews Theaters, Inc. 1959. Split from MGM connection, diversified into tobacco, insurance, hotels, Bulova Watch. Bought 25% CBS stock; boardroom coup 1986. Larry now runs CBS, with founder William Paley *(which see)* in wings. Brothers known as investment/management wizards: CBS will be test. Grades mixed so far: bucked media herd by selling off CBS' magazine, record, music publishing businesses 1986-87; prices seemed high then, but went even higher. Larry: "I'd do it all over again." NYC and Rye, N.Y. 66. Married, 4 children.

Joe McNally/Sygma

Laurence Allan Tisch

Bob Wagner/Onyx

Preston Robert Tisch

"Mr. Inside" behind-the-scenes financial and strategic genius. Graduated NYU's school of commerce at 18, master's at U. of Pennsylvania, attended Harvard Law before hotel career. Eldest son Andrew runs Lorillard. Business philosophy: "Profits will follow from quality." Bob: NYC and Harrison, N.Y. 63. Married; 2 sons, 1 daughter. "Mr. Outside," client-oriented. Vacated Postmaster General post March 1988, after negotiating union contract that eluded predecessors 12 years. "If people believe in who you are and what you're telling them, they will work with you." Hobnobs with both Democrats, Republicans. Son Jonathan son-in-law of Saul Steinberg *(which see)*, runs Loews Hotels. Active philanthropists: New York University donations alone top $45 million. With their 25% Loews, real estate, other assets, jointly worth $2.7 billion.

Ewing Marion Kauffman

Marion Laboratories. Mission Hills, Kans. 73. Married, 3 children. Missouri farmboy, to Kansas City as child. Pharmaceutical salesman 1946; commissions soon exceeded president's salary. Founded Marion Labs with $5,000, calcium pill made from crushed oyster shells.

Ewing Marion Kauffman

Much revenues from licensing, marketing other companies' products. Known for Cardizem (treatment for angina) and Carafate (ulcers). To survive in a highly competitive market, will merge with Dow Chemical's Merrell Dow Pharmaceuticals to achieve synergies; pending shareholder approval in November. Kauffman selling almost half his 23% Marion, will become chairman emeritus. "I didn't want to do it. This was my baby, but it is the best thing for the shareholders." Foundation pledged to send 700 eighth-graders to college or vocational school if they maintain grades, stay away from drugs, teenage parenthood. "We'll turn a lot of them into tax-paying citizens instead of welfare recipients." Also owns 50% of the Kansas City (baseball) Royals. Estimated net worth, mostly Marion stock, $1.3 billion.

Kirk Kerkorian

Investments. Beverly Hills, Las Vegas. 72. Twice divorced, 2 children. Son of Armenian immigrants, ju-

James Smeal/Ron Galella

Kirk Kerkorian

nior high dropout. After WWII repaired, sold DC-3s; built charter airline, sold for $104 million profit 1968. Paid $82 million for 40% MGM 1969; $380 million for United Artists 1981, merged the two 1986. Complex buy-and-sell session with Ted Turner *(which see)* 1986: sold 50% to Ted for $500 million, stock; bought back UA for $480 million. Owns 98% struggling luxury airline MGM Grand; added Las Vegas hotels, casinos 1987. After much tire-kicking by Sony, Burt Sugarman, etc., Kerkorian has arranged for sale of UA film studio, library to Australian entrepreneur Christopher Skase 1989; plans are to keep MGM studio, real estate. Consummate asset shuffler; observer: "I wouldn't second-guess a man with his record." Net worth exceeds $1.3 billion.

Michael Robert Milken

Indicted financier. Encino, Calif. 43. Married, 3 children. Son of CPA. High school cheerleader. Obsessive worker, brilliant: straight A's at Wharton while working for predecessor of Drexel Burnham Lambert. Landed in obscure business: junk bonds. Created liquid market, pool of big investors, new financial industry out of it. Bankrolled leveraged buyouts for likes of T. Boone Pickens, Rupert Murdoch, Ronald Perelman, Victor Posner, Carl Lindner and Nelson Peltz *(see all but Pickens)*. Got too friendly with Ivan Boesky, now convicted felon fingering Milken to feds. Profits built Drexel into giant. Milken's pay, bonus as much as $550 million a year. Also participated in many deals personally. Now facing 98-count indictment for racketeering; mail, wire and securities fraud; lying; insider trading. Besides jail, could lose $1.2 billion if convicted. Forced to leave Drexel, which set-

Chris Brown/Black Star

Michael Robert Milken

tled with feds, but has strong support from financial community. Starting own business à la previous life at Drexel: International Capital Access Group in Los Angeles. Net worth believed over $1.27 billion. How far over unknown, pending trial and any fines. Milken: "I will be vindicated."

Sid Richardson Bass
Lee Marshall Bass

Brothers. Oil, investments. Fort Worth. Two of four sons of Perry Richardson Bass, whose uncle, oil legend Sid Richardson, started with $40 from Perry's mother. Left bulk of reported $100 million estate to charity 1959, rest to Perry, who built new oil empire. To eldest son Sid after Stanford business school 1968: "This is your responsibility . . . I'm going sailing." Sid: 46. Divorced, 2 children. Found different gusher in stock plays: Marathon Oil (estimated profit, $160 million), Texaco ($450 million), forced Disney turnaround (somewhat reduced family holding still worth $1.1 billion). Owes much to adviser Richard Rainwater *(which see)* who went solo 1986; brothers

Ben Weaver

Lee Marshall Bass

Anthony Savignano/Ron Galella

Sid Richardson Bass

Robert, Edward *(see both)* split off shares (got private IRS ruling 1985). Ultraprivate Sid dove into NYC high society at wife's urging; divorce settlement rumored near $200 million. Lee: 33. Married, no children. Yalie (as other three), Wharton M.B.A. Invests with, overshadowed by Sid. Two brothers' share of family assets, private partnerships estimated worth over $2.5 billion.

Philip Frederick Anschutz

Oil, railroads, investments. Denver. 49. Married, 3 children. Native of Kansas; U. of Kansas; played piano at frat parties. Father Fred had contract drilling company; 1961 Phil bought dad out, sold rigs. Aggressively pursued oil, gas leases. Struck big-time oil at Anschutz Ranch East in Wyoming, Utah ("the kind of field that gives oilmen goose pimples"); sold Mobil half-

Rhoda Baer

Philip Frederick Anschutz

interest for $500 million 1982. Went into stocks (e.g., 18% Ideal Basic cement), minerals, real estate (Denver's Anaconda Tower, Fairmont Hotel). Bought Rio Grande Railroad for $500 million 1984; recently added Southern Pacific: means railroad network from Mississippi to California, Mexican border to Wyoming. Major western art collection, recently took on tour in Soviet Union; marathon runner. Net worth estimated at least $1.25 billion.

Jack Kent Cooke

Real estate, investments. Middleburg, Va. 76. Divorced three times; two sons by first wife; daughter (he doesn't see) by most recent wife

AP/Wide World

Jack Kent Cooke (right)

(she was 29 when they married, he 72). Toronto-born, family lost all in Depression. Jack bought into first radio station age 24, then newspaper chain, magazines, movie co., ad agency. Millionaire by 32. Sold all, naturalized by act of Congress 1960. In Los Angeles, bought (basketball) Lakers 1965; brought in Kareem Abdul-Jabbar, Wilt Chamberlain; built Forum; sold all 1979. Bought Chrysler Building NYC for $87 million 1979, refinanced for $250 million 1987. Owns *Los Angeles Daily News*. Bought cable systems for $1 billion 1987; recently sold for $1.6 billion, "mostly cash." "I'll tell you a secret. It's worth nothing until you sell." One thing he won't sell—1988 Superbowl champion Washington Redskins; likes to watch from box with likes of George Will, Leslie Stahl. Planning to build own new stadium, "hopefully by 1993." After debt payoff from cable buy, fortune at least $1.25 billion.

William Barron Hilton

Hilton Hotels. LA. 61. Married, 8 children. Son of legendary hotel magnate Conrad Hilton. Showed little interest in father's business—at first. After WWII (Navy photog-

William Barron Hilton

rapher), worked for fruit distributor. Passed up Conrad's job offer with Hilton Hotels: salary too low. But caught father's entrepreneurial bug, formed Air Finance Corp., aircraft leasing firm; clients included Flying Tiger, Pacific Southwest Airlines. Joined Hilton as company VP 1954; CEO and president 1966. Credited with move into casinos, $1 billion face-lift for older hotels. Hotels now cater to over 40 million guests each year. Founded San Diego (football) Chargers 1960; former president, American Football League. Plays bridge; flies gliders, stunt planes; palatial home featured in television series *The Colbys*. One of many titles: "Magisterial Knight of the Sovereign Military Order of Malta." After winning long court battle for father's estate, stock worth $1.25 billion, unless somebody bids more.

William Henry Gates III

Microsoft Corp. Seattle. 33. Single; nicknamed Trey. Father prominent Seattle lawyer; mother a regent of U. of Washington. Created computer program age 13. Scored perfect 800 on math SAT. At 19 dropped out of Harvard, forsook prelaw to found Microsoft with Paul Allen *(which see)* 1975. Now dominant figure in software, thought indispensable to computer industry. Lives intensely:

Larry Barns/Black Star

William Henry Gates III

notoriously fast driver, voracious worker. Gates' attitude pervades Microsoft: rigor, infectious competition, informal to extreme. Hangs out in company cafeteria, talking tech with employees. Also pragmatist: "From the very beginning, we've been *the* most profitable software company." Intensely studies potential and direction of computer industry. Self-described "hard-core

technoid," but employed masterful marketing to build Microsoft. Lives modestly, discounts significance of wealth: stock, proceeds from sales, total $1.25 billion.

Carl Celian Icahn

Finance. Bedford, N.Y. 53. Married, 2 children. Schoolteacher's son from NYC's Queens; studied philosophy at Princeton, spent three years at medical school, then got serious: to Wall St. as broker 1961. Two years later began trading options (before listed trading); bor-

Andrew Popper/Picture Group

Carl Celian Icahn

rowed from uncle to buy NYSE seat, formed Icahn & Co. securities firm 1968. Began buying large blocks of stock, then forced management to enhance shareholder value: Tappan Co. play earned $2.7 million 1977. Hit big time forcing Marshall Field to a white knight 1982: $17 million. Denounced as greenmailer by some; but running ACF, acquired 1984 (builds, leases railcars). Also running TWA; acquired 1986, took private last fall. Huge paper gain on 11.4% USX stake; earned near $500 million on sale of Texaco stock this year. Current big cash position; managements tremble as he inveighs against entrenched executives divorced from shareholder interests. Cuts friends, family in on deals. "The market is generally a very dangerous place, but if you buy when nobody wants them, and sell when everybody wants them, you'll have a decent chance of success." So says man now worth at least $1.2 billion.

Stephen Davison Bechtel Jr.

Engineering, construction. San Francisco. 64. Married, 5 children. Grandson of Warren Bechtel, rail-

Mathew Naythons/Black Star

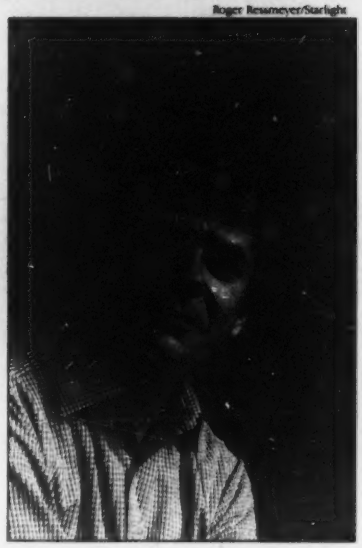
Stephen Davison Bechtel Jr.

road builder, founder Bechtel Group. Took over massive, global construction company (Hoover Dam, Alaska pipeline) 1960 from father, Stephen D. Bechtel Sr. (d. March 1989). Company played role in building 40% of all U.S. nuclear units in father's tradition of colossal projects—e.g., Jubail, 1970s: $40 billion Saudi industrial city. Top execs in Reagan Cabinet: George Shultz, Caspar Weinberger (Shultz back on Bechtel board). With decline of megaprojects, company diversified. Stephen into real estate, coal; operates small power plants. Worked on Three Mile Island restoration since 1979 accident. Son Riley, 37, designated successor-head, now president. Stephen has sister, Barbara Bechtel Davis, who may have share of firm. Net worth of Bechtel Group, Bechtel Investments, family's Lakeside Corp., numerous trusts, etc., at least $1.2 billion.

Gordon Peter Getty

Inheritance. San Francisco. 55. Married, 4 sons. Son of oilman Jean Paul Getty. "Gordo" more interested in music than oil; studied at San Francisco's Conservatoire of Music 1960s; composes. Sued father for dividend income 1966, pilloried by father's lawyers, but only relative at father's deathbed 1976 *(see also J. Paul Jr.)*. Cotrustee of late grandmother's Sarah C. Getty Trust with 40% Getty oil; later sole trustee. Niece Amelia Earhart *(which see)* brought suit related to will, 1976. Getty Oil board hostile to Gordo. Sparked Texaco-Pennzoil debacle by sale of family's oil trust to Texaco, 1984. Scorned as businessman, but managed to sell at

Roger Ressmeyer/Starlight



Gordon Peter Getty

height of oil prices. Trust greatly enhanced to $3 billion, income tripled. Suit settled December 1988 with dissolution into separate trusts run for and by family members *(see Caroline Getty et al.)*. Gordo's one-quarter, plus years of income and fees, est. $1.2 billion.

Margaret Hunt Hill

Inheritance, oil. Dallas. 73. Widowed, 3 children. Eldest child of legendary wildcatter H.L. Hunt *(see Caroline Hunt)*, who taught her oil business when young. Controls

Andy Hanson

Margaret Hunt Hill

trust for first-born son Hassie (reclusive, history of mental illness, childless). Managed to steer clear of famous brothers' silver debacle. Bought brothers' repossessed land after 1980 silver crash. Reportedly insisted "the boys" use additional personal assets to secure company; she denies. With sister Caroline, withdrew her share and Hassie's from family's oil trusts 1983. Now her and Hassie's trusts have own oil and real estate operation. Always dominated family meetings. "She seemed dedicated to reminding the family that they were Hunts and should act accordingly." Fortune, including Hassie's trusts, worth at least $1.2 billion.

David Rockefeller

Inheritance. Banking, real estate. NYC, Tarrytown, N.Y. 74. Married, 6 children. Grandson of John D. Rockefeller; youngest of 5 brothers *(see Laurance and family)*. Chairman Rockefeller Group, highly diversified family investment firm (real estate finance, brokerage, development; LBOs; bridge loans; portfolio management et al.). Only brother with successful career in traditional family business (Chase Manhattan Bank), Ph.D. economics 1940, bank CEO 1969-80. Assumed role as international statesman; arrival in South American capitals sometimes sparked riots. Major role NYC real estate (including ill-fated Westway project); 45% San Francisco's Embarcadero Center. Oversaw family's cash-out on Rockefeller Center, acceding to wishes of cash-

AP/Wide World

David Rockefeller

hungry younger relatives. His investments in real estate, share of family trusts, etc., believed worth over $1.1 billion.

Donald Worthington Reynolds

Publishing. Las Vegas. 83. Thrice divorced, 3 children. Son of door-to-door grocery peddler: "We never missed any meals, but that was about it." Hawked newspapers, worked way through U. of Missouri, journalism degree. Fired from first two jobs, but saved enough to invest in printing plant. Took

George Steinmetz

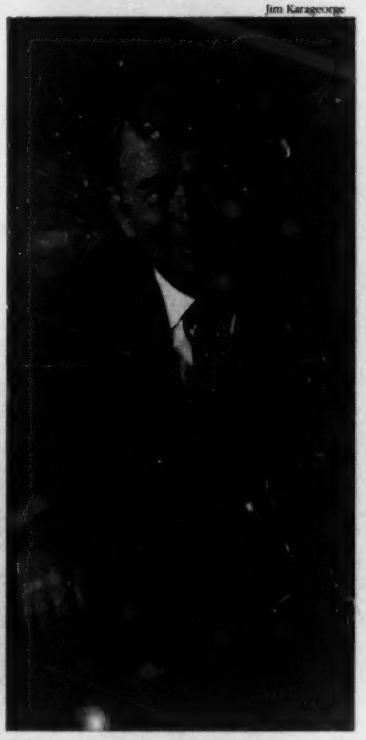
Donald Worthington Reynolds

shrapnel hit in forehead World War II: "It got rid of my sinus trouble." Since war, in newspapers: no-frills policy helped build highly profitable Donrey Media Group—59 dailies, 62 nondailies, television station, 12 billboard and 5 cable companies. Flagship is *Las Vegas Review Journal*. Hates unions; cost-cutting fanatic. Children uninterested in business; foundation set to inherit estate worth $1.1 billion when Reynolds heads to "that big newsroom in the sky."

William Redington Hewlett

Hewlett-Packard. Portola Valley, Calif. 76. Widowed, remarried 1978; 5 children, 5 stepchildren. Stanford 1934. Master's, MIT 1936. Teamed up with Stanford classmate David Packard *(which see)* to

Jim Karageorge



William Redington Hewlett

form H-P 1939. Started in wooden one-car garage with $538. Created billion-dollar high-tech co. Now garage historical landmark: "birthplace of Silicon Valley." Hewlett was inventive genius. First products: audio oscillator, urinal flusher, bowling alley foul-line indicator, shock machine for weight loss. "We did anything to bring in a nickel." Pioneered hand-held calculators. "I told the guys they ought to design a calculator to fit in my shirt pocket, so they came and measured my pocket." Chief executive 1969-78; retired from board 1987. H-P powerhouse of microcomputer, electronic test, measurement industry; 1988 revenues, $9.8 billion. "Our growth [was] financed by our earnings and not by debt." Avid fisherman, skier, mountain climber. His 12% of H-P worth at least $1.1 billion.

Edward Perry Bass

Oil, investments. Fort Worth. 44. Single. Second son of Perry Richardson Bass *(see other Basses)*. Yale-trained actor; Coast Guard; Yale architecture school. Relocated New Mexico early 1970s; sold Indian

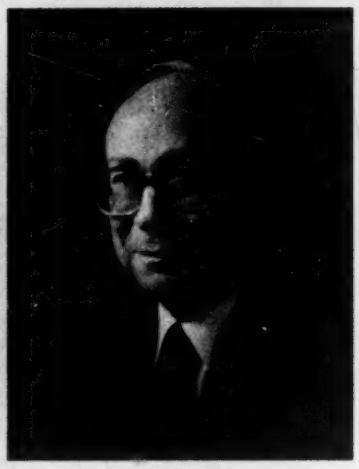
James McGoon

Edward Perry Bass

handicrafts. Raised Fort Worth eyebrows with avant-garde nightclub Caravan of Dreams; plans risky $25 million downtown development: "I don't think you'll find Trammell Crow rushing into Fort Worth residential." Spending $30 million on experimental enclosed ecosystem Arizona: Biosphere II. Spends half of year at 500,000-acre Australian cattle station. Passive investor in family deals: "A lot of things I just have to read about in the paper." Good reading: worth some $1 billion.

Edward Lewis Gaylord

Media, real estate. Oklahoma City. 70. Married, 4 children. Father E.K. bought into *Daily Oklahoman* 1903; one of state's most powerful men, steered company single-handed until death in 1974 at 101. E.L. showing business savvy of his own: $250 million 1983 purchase of Grand Ole Opry, Opryland and now thriving Nashville Network (also owns television show *Hee Haw*; 20% Telerate 1986—sold half, $100 million profit so far). Sold 2 television stations at 1987 market peak for $425 million. Oklahoma Publishing Co. still has 1 newspaper, 35% of Texas (baseball) Rangers; 5 TV, 3 radio stations. Fiercely conservative, opinionated: "We're against liberal bubbleheads." Son, E.K. II,



Edward Lewis Gaylord

32, heir apparent, but E.L., like father, not likely to step aside soon. E.L.'s fortune conservatively estimated at $1 billion.

William Bernard Ziff

Publishing. Manalapan, Fla. 59. Divorced, remarried; 3 sons by first marriage. Father was WWII aviator, noted lecturer, author, cofounded Ziff-Davis 1927; died 1953. Son William Jr. bought out Davis at 27; tackled "special interest" markets,

Gerald Davis

William Bernard Ziff

acquired *Car & Driver*, launched *Boating, Stereo Review*; ultimately some 50 magazines, 6 TV stations. Editorial took backseat to advertising. Liquidation 1980s: sold stations for approximately $100 million 1983; 12 trade magazines to Rupert Murdoch *(which see)* for $350 million, 12 consumer magazines to CBS for $362.5 million 1985. CBS sued, claiming overcharge, but sold at profit 1987. Electronic services division sold 1986. Kept 9 computer titles (estimated 1988 revenues, $280 million) including *PC Magazine*. New magazine, *PC Computing*, already over 300,000 subscribers. Fortune, including $400 million trust designed to encourage sons' interest in computers, worth at least $1 billion.

David Howard Murdock

Investments. Bel Air, Calif. 66. Divorced, widowed; 2 children. High school dropout; landed in Detroit after WWII with 6 cents in pocket—spent night on park bench—borrowed $900 to buy restaurant; sold

Michael Garland/Onyx

David Howard Murdock

for profit. On to Phoenix, made first fortune in real estate; market collapsed in 1963. On to California; real estate again, small companies. Now Pacific Holding Co. umbrella for large entities including Cannon Mills' Beacon Mfg. (owns town of Kannapolis, N.C.), interests in high-profile firms (Fabergé, Occidental, Zapata). Merged Flexi-Van with Castle & Cooke 1985. Arabian horses, big California ranch; prominent Republican fundraiser. Very private. Net worth estimated $1 billion.

$500 MILLION OR MORE

Milton Jack Petrie

Petrie Stores. NYC and Southampton, N.Y. 87. Twice divorced, widowed, remarried; 1 son, 2 daughters. Father, Russian immigrant pawnbroker, went broke. Milton opened Cleveland hosiery store with $5,000 in 1929. Bankrupt 1937; repaid creditors in full. Expanded through acquisition. Today owns 1,600 stores women's moderately priced clothing: Marianne's, Stuart's, Petrie et al. "We're the best, and we want to keep up and continue to be the best." Difficult employer: Grandson Matthew Miller resigned 1988 after 2 years. Petrie says now: "The company's successor is right in our own business." Philanthropy over $125 million. Reputation for spontaneous and anonymous charitable contributions: established trusts for family of slain policeman, slashed model, etc. "I try to pay the good Lord back for what he's done for me." Daily bridge player, Sunday sports watcher. His 60% Petrie Stores, other investments worth at least $975 million.

Laurance Spelman Rockefeller

Inheritance, investments. NYC and Tarrytown, N.Y. 79. Married; 3 daughters, 1 son. Grandson of John D. Rockefeller. Early venture capital with principal from huge 1934 trust: Eastern Air Lines, McDonnell Douglas, $100 million gain Apple Computer. Developed exclusive resorts: swanky, remote vacation spots (some resorts and management arm sold 1986 to CSX; little activity since). Supported NYC Westway project with brother David *(which see)*. Gave $36 million to Memorial Sloan-Kettering, $10 million to Princeton; donated thousands of acres of land to national parks, preserves. His and his immediate family's portion Rockefeller fortune believed near $950 million.

Joan Beverly Kroc

Inheritance. Rancho Santa Fe, Calif. 61. Divorced, widowed; daughter by first marriage. Third wife of Raymond Kroc (d. 1984), high school dropout who peddled milkshake machines, paper cups. Went to McDonald brothers' San Bernardino, Calif. outlet 1954 to see why it needed 8 milkshake machines. Found fast-food, consistent-quality, low-price store doing land-office business. Joined brothers to franchise; bought out 1961, built international hamburger empire, all parts trained identically in "hamburgerology." Joan first married age 17. Worked as professional musician (organ), music teacher in St. Paul, Minn.; music director KSTP-TV (Minneapolis). Met Ray, then 54, in Minnesota restaurant 1956; Joan was 28; walked down aisle 13 years later. Noticeable contrast to husband's conservative views: Donates millions to homeless, sick children, education, Democratic National Committee; also AIDS research. "She is taking positions Ray Kroc would never support." Her McDonald's Corp. stock, San Diego Padres, other assets worth about $950 million.

Curtis Leroy Carlson

Entrepreneur. Long Lake, Minn. 75. Married, 2 daughters. Father Swedish immigrant grocer; Curt worked various jobs: carried three paper routes, farmed two out to brothers; realized small profit from each. University of Minnesota 1937; sold soap for Procter & Gamble, $85/month. With $50 loan, started Gold Bond Trading Stamp Co. 1938: "The minute I got out on my own I knew I'd found my element." Built one-man conglomerate with 1988 revenues $5.3 billion: TGI Friday's restaurants, Radisson hotels (50,000 rooms, many franchised), Ask Mr. Foster travel agencies (nation's largest), etc. High pressure: "To succeed you must eat, sleep and dream your goals and quotas." Goal for 1992: $9 billion revenues. "My biggest thing right now is holding this company together upon my death." Estimated worth $925 million.

Gerrish Hill Milliken
Minot King Milliken

Textiles, investments. Brother, cousin of Roger Milliken *(which see)*; heirs of Seth Milliken, founder of dry goods jobber Deering, Milliken & Co. 1865 with William Deering (later left to found International Harvester). Gerrish: Greenwich, Conn. 72. Married; 4 sons, 2 daughters. Started in cotton mill in Union, S.C. after Army; retired 1986 but maintains NYC office. Director of Milliken & Co. and Mercantile Stores Co., both controlled by family. Minot: NYC. 73. Married; 4 sons, 1 daughter. VP and director of Milliken & Co.; also on board Mercantile Stores Co. With Roger in control, shares Milliken empire estimated $900 million for Gerrish, $450 million for Minot.

William Randolph Hearst Jr.
Randolph Apperson Hearst
George Randolph Hearst Jr.
Phoebe Hearst Cooke
Millicent V. Baoudjakdji
David Whitmire Hearst Jr.

Inheritance. Children and grandchildren of William Randolph Hearst, whose father, George Hearst (mining, land tycoon, U.S. Senator), "won" failing *San Francisco Examiner* as gambling debt 1880. Only child, Harvard-expelled "Billie Buster" assumed control 1887; became country's most controversial media mogul; outsensationalized former employer Pulitzer *(see families)* during great NYC newspaper wars; built famous newspaper empire. Died 1951; had put company into foundation dominated by executives. Family trust bought back out 1974 from stodgy old guard. Now 13 dailies, 14 other publications *(Cosmopolitain, Esquire, Harper's Bazaar,* etc.), 6 TV, 7 radio stations, book publishing, real estate, timber, etc. *Los Angeles Herald Examiner*, nation's onetime largest afternoon daily, for sale since July: now losing about $1.5 million monthly. Still number 42

in country in circulation. Sold all cable TV properties (60,000 subs.) 1989, $141 million; acquired network TV movie/miniseries producer. "The more diverse we are, the better off we are going to be. We are not through growing." Family divided into 5 branches: 1) Surviving son William Jr.: NYC. 81. Twice divorced, remarried; 2 children. Editor-in-chief Hearst Newspapers since 1955; Pulitzer-winning columnist 1956. Heads family trust. Son WRH III, *Examiner*'s publisher, won its first Pulitzer 1987: "Will is doing one hell of a job." 2) Surviving son Randolph: NYC. 73. Twice divorced, remarried; 5 daughters (including Patty) by first wife. Hearst Corp. chairman. 3) Children of George Randolph Sr. (d. 1972): George Jr: Los Angeles. 62. Widowed, divorced; 4 children. Ran *Los Angeles Herald Examiner* 1962-77, supervises real estate. His twin sister Phoebe: San Francisco. 62. Divorced, remarried; 1 daughter. Played major role with current husband in buyback of company from Hearst Foundation by family trust. 4) Children of David Whitmire Sr. (d. 1986): son David Jr.: Los Angeles. 44. Single. His sister Millicent: Los Angeles. 49. Married, 3 children. 5) Four children of eldest son John Hearst (d. 1958). John Jr., 55, only one active in company. Each branch has one-fifth interest Hearst Corp. now estimated worth at least $4.38 billion.

Helen Kinney Copley

Publishing. La Jolla, Calif. 66. Divorced, widowed; son by first marriage. Worked 12 years as secretary to James Copley, adopted son of *San Diego Union/Tribune* publisher Colonel Ira Copley (d. 1947). Romance kindled: "I'll never know what he saw in me; I was so pathetically shy." Married 1965; gracious hostess until James' death 1973, then made herself publisher. Helen sold unprofitable papers, slashed payroll, beefed up editorial; expanded. Copley Newspapers now publishes 13 dailies, 37 weeklies, 1 biweekly, cable. Son David, 37, president, probable successor. James' 2 children from first marriage receive distributions from trust. Copley Press, cable, worth upwards of $865 million.

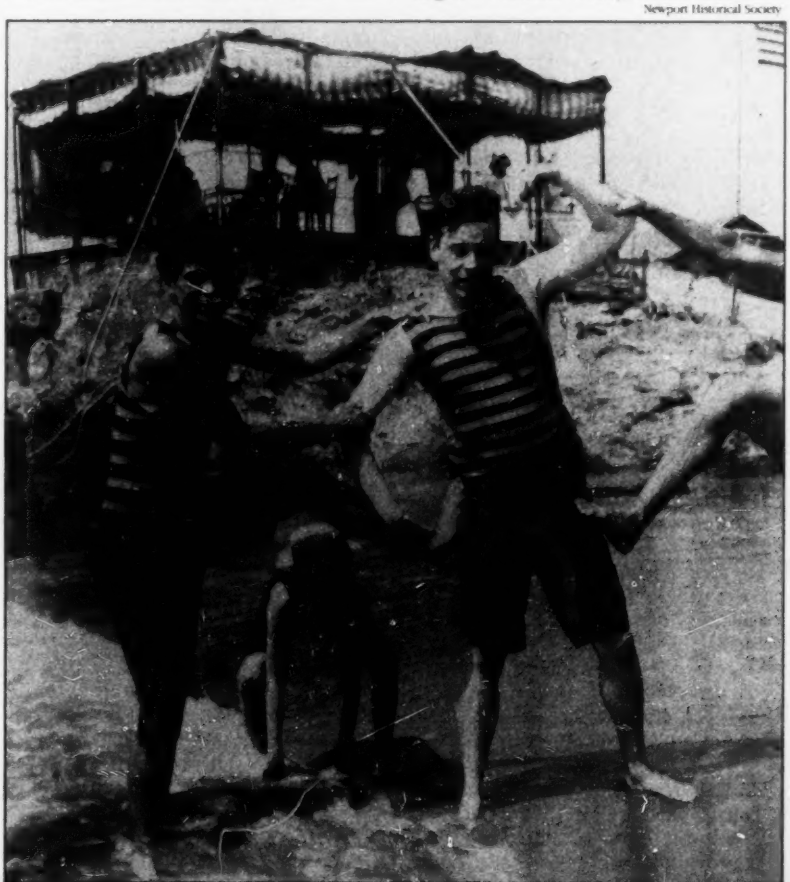
William Clay Ford
Josephine Clay Ford

Brother and sister. Surviving grandchildren of Henry Ford (d. 1947; *see Ford family*). William: 64. Gross Pointe Shores, Mich. Married to heiress Martha Firestone, 4 children. Yale undergrad while brother Henry took over Ford Motor; William, unassuming and affable, has not had operating responsibilities since mid-1950s; gave up vice chairmanship this year. Supporter of current management. Son William Jr. manages heavy truck engineering and manufacturing, sits on board; aspires to more. William Sr. bought Detroit (football) Lions for $6 million 1961; good investment (estimated value $90 million), but poor game record. Net worth, including real estate, Ford stock, at least $860 million. Josephine (Dotie): 66. Gross Pointe Farms, Mich. Married to unrelated Walter Buhl Ford, 4 children. Fun-loving; valuable art collection. Son Alfie joined Hare Krishna cult, bankrolled extravagant mansion for temple. Her stock, other assets worth at least $515 million.

Charles Francis Dolan

Cable TV. Oyster Bay, N.Y. 63. Married, 6 children. Raised in Cleveland, earned $2/week writing Boy Scout column for local paper. To NYC 1952, made industrial films. Saw cable TV potential, began wiring NYC hotels 1960; won Manhat-

Newport Historical Society



The rich at play, Newport, R.I., about 1890. At left is William K. Vanderbilt holding on to Harry Lehr. Peeking underneath his father's leg is young Harold Vanderbilt, who would invent contract bridge in the 1920s and brilliantly defend the America's Cup in the 1930s. Newport, actually, could be pretty dull. Mrs. Stuyvesant Fish always served champagne at dinner there, explaining, "You have to liven these people up. Wine just makes them sleepy."

tan franchise 1965. Created Home Box Office; sold to Time Inc. 1973. Critics say sold too soon; but they didn't build Cablevision Systems, now over 1.4 million subscribers. Deal with NBC: network got half of Cablevision's programming arm (SportsChannel, Bravo, American Movie Classics, etc.) and ad sales business; Cablevision got $140 million, CNBC stake, some 1992 Olympics rights. His 66% Cablevision, etc. worth $860 million.

Paul Mellon

Inheritance. Upperville, Va. 82. Widowed, remarried; 2 children by first wife. Grandfather Thomas started Mellon Bank forerunners, venture capitalist in Gulf Oil, Alcoa, Koppers, etc. Father, Andrew: U.S. Treasury Secretary, founder National Gallery; d. 1937. Paul floated into, out of family businesses. Breeds Thoroughbreds on 4,000-acre estate, collects art on grand scale. Big donations: $31 million for building, about $100 million art to National Gallery; also $18 million building, about $100 million art to Yale, etc. Auctioning 42 works in November estimated at $100-million-plus. Net worth believed at least $850 million.

Doris Duke

Inheritance. Somerville, N.J.; Newport, R.I.; Honolulu; et al. 76. Twice divorced, 1 child (adopted). Father James Buchanan (Buck) Duke formed American Tobacco Co. from small tobacco crop overlooked by Yankees at ruined North Carolina farm in Civil War; also Duke Power Co. Died 1925, leaving Doris, then 12, known as "the richest girl in the world." Dogged by reporters through unsuccessful marriages. Adopted 35-year-old Chandi Heffner last year. Bailed out friend Imelda Marcos with $5 million bond in fraud, embezzlement charges. Doris major force in Newport restoration. Fortune, believed prudently invested, should be worth well over $850 million.

Winthrop Paul Rockefeller

Inheritance. Winrock Farm, Ark. 41. Divorced, remarried; 3 children by first wife. Great-grandson of John D. Rockefeller, only child of Winthrop (d. 1973), who leveled mountaintop for Winrock Farm; twice GOP governor. Win Paul born of brief union with Barbara (Bobo) Sears; European schooling, flunked Oxford. Runs Winrock, increasingly active Arkansas business, especially banking; owns small ventures (e.g., Florida yacht co.); active participant in Little Rock social scene. Blue-marlin angler; hunts, skis; cruises with local sheriffs on duty, set up Law Enforcement Assistance Foundation. His share of family fortune estimated to exceed $850 million. *(See also other Rockefellers, family.)*

Carl Henry Lindner II

Insurance, banking. Cincinnati. 70. Married, 3 sons in business. Left high school to deliver milk for Depression-hit family dairy; opened ice cream store 1940, built to 220-store United Dairy Farmers chain. Formed American Financial Corp. with three small savings and loan associations 1959; casualty insurance 1971; took private for $340 million 1981. Operating profit $155 million 1988 despite losses: $95 million, workers' compensation; $57 million, broadcasting; $111 million, "other." Takes big positions, sets course of selected firms: Penn Central, Taft Broadcasting, United Brands, etc. Family controls bank holding co., Provident Bancorp, Inc. Strict Baptist. Worth exceeds $830 million.

Harry Weinberg

Real estate, securities. Honolulu, Baltimore. 81. Recently widowed, 1 son. Arrived U.S. from Austria age 4; 6th-grade dropout. Bought, renovated, sold run-down houses with brother 1930s. Bought into public bus companies (NYC, Dallas) 1950s-60s. Land, climate lured him to Hawaii. "Honolulu Harry" became one of largest individual landowners on island. Combative, litigious, took control Dillingham, Amfac, others 1960s. Failed Alexander & Baldwin proxy fight 1985; sold off for estimated $200 million 1989 (kept 1,000 shares). Also stock Maui Land & Pineapple. Begun to transfer land holdings to foundations. Bone cancer said to be in remission. Estimated net worth $800 million.

Caroline Rose Hunt

Inheritance, oil. Dallas. 66. Twice divorced, 5 children. Second daughter of H.L. Hunt *(see Margaret Hill)*. Separated holdings from siblings' 1983, after brothers' silver debacle. Sold some oil properties 1985; moved into real estate, stocks, venture capital. Built $250 million hotel/office/retail complex The Crescent (talk of spinning off 50%); built another exclusive luxury hotel Dallas; recently sold Hawaiian Hotel (4,500 acres). Sold Hotel Bel Air, LA, for $100 million. Lives modestly; careful with dollar. Managers, including 4 sons and daughter, run her Rosewood Corp. Oil production down, but she could still stand her brothers a loan; net worth at least $800 million.

Marvin Maynard Schwan

Ice cream, pizza. Sioux Falls, S.D. 60. Divorced, remarried; 4 children. German Paul Schwan immigrated to Minnesota 1921; built Schwan's Dairy plant 1948. Son Marvin packaged popsicles at 14; took over office age 23 ("Dad was a plant man"), launched rural ice cream home-delivery service. Schwan's Sales Enterprises' sales estimated near $1 billion. A "traveling 7-Eleven"; 2,300-rig fleet, 49 states: dairy products, frozen pizza, food service, juices, etc. Bought small Kansas pizza plant 1970; total institutional, supermarket (Tony's, Red Baron) sales now estimated $575 million. Jeno Paulucci *(which see)*: "I've never met a tougher competitor in my life." Fortune may well exceed $800 million.

Michel Fribourg

Grain trader. NYC. 76. Widowed, remarried; 5 children. Belgian family began trading grain 1813. Started Continental Grain U.S. 1921; Michel relocated to U.S. after France fell 1940. Army intelligence WWII. From 1944 added flour milling; poultry and pork production, processing; financial services et al. Controls 20% world grain trade, revenues over $14 billion (second to Cargill, *which see*). Venturing further: contract to market Soviet satellite cameras' output. Surrounds self with talent: "many egos, but only one opinion." Still chairman;

son Paul group president, Donald Staheli CEO early 1988. With 90% Continental, etc., net worth should be over $800 million.

Marc Rich
Pincus Green

Trading partners. Zug, Switzerland. Both 55, married. Rich: 3 daughters. Green: 2 sons, 2 daughters. Rich: Belgium-born; family fled Nazis to U.S. 1941. Quit NYU for Phillip Brothers mailroom. With Brooklyn-born "Pinky," became star trader; helped build Phibro (now part of Salomon Inc.) into world's largest commodities outfit. Pioneered spot oil market 1968. Bonus payment reneged on; quit in huff 1973. Launched Marc Rich & Co., pirated Phibro executives, business. Zug-based company now perhaps second only to Cargill overall (behind Fribourg, above, in grain); world's biggest trader metals and minerals, largest independent producer aluminum. Rich: "business machine," intense, soft-spoken, ever-present cigar, strategic planner. "One of the most difficult people one can meet in a life." Green: playful, administrator, commodities shipper. Pair traded Iranian crude during 1970s hostage crisis, evaded $48 million tax; renounced U.S citizenship. Company paid $150 million restitution, $21 million fines, to do U.S. business, but U.S. still offering up to $500,000 for information leading to capture. Rich took Spanish citizenship, Pinky Bolivian; State Dept.: They're American. Rich's grain operation in U.S. Export Enhancement Program, received $65 million U.S. grain subsidies. U.S.D.A. reviewing case. "Marc Rich is laughing at the world. He has graduated to this type of entertainment and is having a lot of fun." Jointly worth at least $1.55 billion.

Albert Lee Ueltschi

FlightSafety International, Inc. Dallas. 72. Widowed, 4 children. At 16 followed dream to solo open-cockpit biplane. Pan Am pilot WWII; founded flight instruction firm 1951 while working off-hours, mortgaged home to finance first simulator 1954. Allowed safe, cheap, fast training, especially for emergencies (simulated crash thought better learning experience than real one). Today trains over 30,000 airline, military pilots, 2,500 technicians annually; 115 simulators, 38 learning centers worldwide. Ueltschi's favorite project: flying eye-surgery hospital, Project Orbis. Ueltschi owns 29% FlightSafety, family has another 7%; total worth $770 million.

Philip Hampson Knight

Nike, Inc. Beaverton, Ore. 52. Married, 2 sons. Track man at University of Oregon. M.B.A. Stanford 1962; paper on potential of Far East athletic shoe production for U.S. market. Price Waterhouse CPA; moonlighted importing Japanese track shoes with former college coach. Distributor cut them out 1971; established Nike. Olympians tested innovative waffle design 1972. Went public 1980. Lost competitive edge to Reebok 1986-88; now pulling ahead with sales of $1.7 billion, profits of $167 million. Diversifying into apparel, accessories, casual shoes; bought dress shoe maker 1988. Still avid runner, tennis player. Stock doubled since last year. Knight's share lately worth $760 million.

Norton Winfred Simon

Industrialist, art collector. LA area. 82. Divorced, remarried; 2 sons (1 deceased). Raised Portland, Ore. As youth bought bags, towels, etc. from manufacturers, resold to local merchants. Berkeley dropout after 6 weeks; bought, turned around bankrupt orange juice plant 1931. Gained control Hunt Foods 1943. Built conglomerate Norton Simon, Inc. (Hunt-Wesson, Simon & Schuster, etc.). Quit 1969: "Business or art or politics is just a means of living, and living is the real end." Devoted wealth to art collection (over 1,000 major works: Rembrandt's "Titus," a Raphael Madonna, etc.) Plan to donate to UCLA dropped. Collection alone valued at $750 million or more.

Neil Gary Bluhm
Judd David Malkin

Partners. Real estate. Chicago. Both Winnetka, Ill.; 51; married; 3 children each. Grew up together on Chicago's North Side; delivered root beer together, roommates at U. of Illinois. Both CPAs; Toyota distributor Malkin talked successful lawyer Bluhm into real estate syndication business 1968. Judd: "I had to twist his arm to leave." JMB Realty Corp. now controls over $21 billion in real estate assets; many projects for own account: built Chicago's 900 North Michigan, bought Federated Realty Associates. Neil: "We do lots of things besides syndication." Bought Disney's Arvida Corp. for $400 million 1987; swallowed $2 billion Canadian giant Cadillac Fairview 1987, Amfac (one of the largest Hawaiian landholders) 1988. Lost $17.5 million bid for Chicago (football) Bears stake 1988. Major European foray: bought London's Randsworth Trust for $416 million 1989. Pair's 66% stake JMB, other assets estimated over $1.5 billion. "A lot of developers are high profile. They can have the glory; we'll take the cash flow."

John D. Hollingsworth ★

Textile machinery. Greenville, S.C. 71. Divorced, 1 daughter. Father repaired mill machines, sharpened yarnmaking wire. From 1942 son built John D. Hollingsworth on Wheels (promised service truck within 48 hours of mill call). Sparked tenfold yarn productivity increase with better wire, carding machines; established, ruthlessly enforced virtual monopoly on wire—now down to estimated 70% share. Invested profits in land; over $250 million near Greenville, including 6 miles road frontage on interstates. Added related machinery from mid-1970s, now one of four biggest worldwide. Severe family, IRS problems 1960s; extremely secretive, suspicious of outsiders since. Net worth at least $750 million. *(See story, p. 34.)*

Jack Rudin
Lewis Rudin

Brothers. Real estate. NYC. Jack: 65. Widowed, 3 children. Lew: 62. Twice divorced, 2 children. Rudin Management founded 1924 by father Samuel, his brothers, to manage Bronx, Manhattan apartments. Both joined firm 1946; added midtown office space. Now 4,000 apart-

ments, 8 million square feet prime Manhattan office space, majority built 1950s-60s. Led tax prepayment drive to keep New York City afloat late 1970s: "We had to do something. We couldn't very well pick up our buildings and move them across the George Washington Bridge." Lew founded, chairs Association for a Better New York; Jack heads NYC Marathon committee. Avoid selling buildings (own 1st building, bought 1902). Brothers control fortune worth at least $1.5 billion.

Orville Wayne Rollins

Rollins, Inc. Atlanta. 77. Married; 2 sons, both in business. Farm boy, worked 72-hour week for $10 in textile mill during Depression. Made TNT during WWII. Then auto dealerships with brother John; became interested in radio while bedridden, started first station 1948: "They said radio stations were going out of business." Bought Orkin Exterminating 1964, with novel financing: LBO. His opinion of LBOs today: "Deals are based on how much you can borrow, not on how fast you can pay it back." Expanded media, added oil and gas service, security systems; sold Rollins Communications 1986 for top-of-market $600 million; his share, $290 million. Companies, ranchland worth $740 million. Still CEO: "I work so I can farm."

James Martin Moran ★

Toyota. Hillsboro Beach, Fla. 71. Widowed, remarried; 3 children, all in business. After death of father pumped gas for 25 cents an hour Depression-era Chicago, age 14. With $360 bought Sinclair station 1939; 18-hour days, 365-day years. Sold used cars; next, Hudson dealership. Big break 1948: "Courtesy Man" discovered TV advertising, became Chicago TV star. Switched to Ford 1955, became largest again; *Time* cover 1961. Cancer diagnosis, moved to Florida 1966: "I really came down here to die." Remission. Got new distributorship 1968 *(see story, p. 54)*. Southeast Toyota now believed world's largest independent: sells 151,000/year; services. His $2.4 billion (revenues) empire worth at least $700 million.

Henry Ford I at the New York World's Fair, 1939. Ford is flanked by former Governor Al Smith and Mayor La Guardia. In the passenger seat: Grover Whalen, inventor of the ticker-tape parade. Driving is Ford's browbeaten son, Edsel. The older he got, the more eccentric Henry Ford became. Edsel was powerless to stop his father from bringing the Ford Motor Co. to the edge of ruin.

James R. Cargill
Margaret Cargill

Inheritance. Brother and sister. Cargill, Inc. Grandchildren of William W. Cargill (d. 1909), founder of commodity merchandising and processing giant *(see Cargill/MacMillan family; also individual MacMillans, Keinath, Pictet)*. James: Minneapolis. 66. Married, 3 children. With company since 1947, now senior VP, director. Personal investments include Dinnaken Properties, a small real estate venture. Expert trout fisherman. Margaret: La Jolla, Calif. 69. Extremely private, little known. Together, thought to own their family branch's 25% Cargill stock, worth at least $1.4 billion.

Robert H. Dedman

Country clubs. 63. Dallas. Married; 1 son, 1 daughter. Born poor in Rison, Ark., affirms report he earned three degrees (engineering, economics, law) in four years, while also selling insurance, real estate, and serving as commissioned Navy officer. Believes in time management. Attorney for H.L. Hunt, "Bum" Bright *(see dropouts)*. Opened Brookhaven Country Club, Dallas, as sideline 1957. Added more clubs, built homes around golf courses, started city clubs 1965. Now Club Corp. International of America over 250 clubs, resorts worldwide, 400,000 members. Trying banking, golf courses. Gave $25 million to SMU 1981. With 90% Club Corp., net worth over $700 million. "We've had a good year."

Carl Ray Pohlad

Banking, investments. Minneapolis. 74. Married, 3 sons. Collected delinquent bank loans as boy; left college to sell used cars full time "because I was making too much money." Decorated WWII vet, took over Minneapolis bank holding co. after brother-in-law partner died 1955; assembled string of banks across northern Midwest; now over $4 billion assets in well-run banks, earning regulators' kudos. Turned ailing mass transit co. into healthy Pepsi bottler, sold for $160 million profit 1985: "We're in a penny business, so we watch the pennies." Gave up anonymity by buying Minnesota (baseball) Twins 1984. Active political switch-hitting fundraiser worth $700 million.

Wallace Henry Coulter

Blood. Miami Springs, Fla. 77. Single. Born Arkansas, dropped out Georgia Tech 1932. With cellophane, rubber bands, sewing needle developed "Coulter Principle" 1949 in Chicago basement: electronic method of counting microscopic particles. Produced Coulter Counter, blood cell counting machine, 1953. Coulter Electronics now holds 350 U.S. patents; intensely private, estimated sales $500 million, "leadership position worldwide" automated blood cell counters (85% of U.S. hospitals), health care instruments. Wally hands-on chairman, received John Scott Award 1960 (past winners: Marie Curie, Jonas Salk); brother Joe president. High-margin company worth at least $700 million.

Samuel Curtis Johnson

S.C. Johnson & Son. Racine, Wis. 61. Married, 4 children. Great-grandson of parquet flooring sales-

man who founded wax company 1886; Glo-Coat floor wax beat Depression. 1988 sales over $2 billion. Sam joined 1954, chairman 1967. Added nonwax items (Raid, Glade); personal care (Edge, Agree); sold share in Check-Up toothpaste joint venture 1989. Took Johnson Worldwide Associates public late 1987 to create liquidity for heirs: sales $247 million in recreational accessories, canoes, etc. At 59 got jet pilot license. All children with firm; Curt, 34, runs $126-million Wind Point Partners venture capital fund. Sam's 60% S.C. Johnson, banks in Racine and Switzerland, etc. worth over $690 million.

Paul Gardner Allen

Microsoft. Mercer Island, Wash. 36. Single. With Seattle prep school friend William Gates *(which see)*, cofounded Microsoft computer software firm 1975. Mushroomed into software giant; one of today's largest. "We used to imagine how the people on The Forbes Four Hundred got there." With good imagination, excelled as president R&D to 1983. Left that year; beat Hodgkin's disease; founded Asymetrix Corp. (designs software for advanced 32-bit machines). "I felt like having my own." Basketball fanatic: backyard court, always has ball in car; bought Portland Trailblazers for estimated $70 million 1988. Also sails on 25-ft. cruiser, plays guitar. Stock, other assets worth $690 million.

James Howard Marshall II ★

Oil. Houston. 84. Married, divorced; 1 son. Born Germantown, Pa. 1905. Magna Cum Laude Yale 1931; assistant dean, Yale Law School at 28. Involved with Texas oil; wrote law against "hot oil" (oil produced above levels set by Texas Railroad Commission). Military Advisory Board to Joint Chiefs of Staff, 1944-50; high-level oil jobs (Ashland, Standard). Invested in oil industry giant Koch Industries with Fred Koch *(see Kochs)* after they had invested in Great Northern Oil Co. Marshall swapped stock for Koch Industries interest; now owns about 16%. Strongly denies wealth, but with Koch Industries at $16-billion-a-year sales, his share worth at least $670 million.

Henry Earl Singleton

Teledyne, Inc. LA. 72. Married, 5 children. Son of Texas rancher, set sights early on big business. Annapolis and MIT, then Hughes Aircraft and Litton Industries. At Litton met George Kozmetsky, with whom started Teledyne with $450,000 investment 1960s; financed by Arthur Rock. Now over 100 companies in aviation, electronics, more. Major spinoffs: Argonaut Group (insurance), American Ecology. Architect of large-scale divestiture and stock buybacks. Unexpectedly announced retirement from day-to-day management 1989; retains chairmanship. Known Teledyne and other stock holdings worth at least $670 million.

Roy Edward Disney

Walt Disney Co. Los Angeles. 59. Married, 4 children. Father Roy O. and Uncle Walt cofounded Disney Productions 1923 *(see Disney family)*. Began career 1953: asst. film editor *Dragnet* TV series. Cameraman, film editor Disney studios 23 years. Management dispute led to split 1977, seven years as independent producer/investor. Back as vice chairman 1984. Also chairman Shamrock Holdings, Inc. (family media enterprise created 1978): 3 television, 14 radio stations, 10,000-acre Oregon ranch, California real estate, etc. His 2.9% of Disney, plus Shamrock, etc. worth some $660 million. Wife: "When he wears a suit to the office, his secretary asks him who died."

UPI/Bettmann

Sam Walton promised his employees he'd do a hula dance on Wall Street if the company had an 8% pretax profit in 1983. It came in at 8.04% and Mr. Sam was true to his word.

Morton K. Blaustein
Ruth Blaustein Rosenberg
Louis Thalheimer

Inheritance. Baltimore. Heirs of Lithuanian immigrant Louis Blaustein (1869-1937), who invented forerunner of modern tank car; only son Jacob (d. 1970) developed metered gas pump, drive-in stations, antiknock gasoline. Also founded American Oil 1910, merged into Standard Oil of Indiana for 5.25 million shares (now some 16.7 million); also part-time diplomat: convinced U.N. conferees to accept human rights provision 1945. Jacob's son Morton: 62. Twice divorced, remarried; 2 daughters. Geologist, chairman family's American Trading & Production Corp. (oil & gas, real estate, tankers, manufacturing, investment). Active American Jewish Committee, appears infrequently at public affairs. His stake, over half Atapco, worth at least $660 million. Jacob's sister Ruth: 90. Widowed, 3 children. Her interest worth estimated $330 million. Only son, Henry Jr. (CEO family-controlled Crown Central Petroleum), votes most shares. Considered astute businessman, active civic affairs; trustee Johns Hopkins. Louis (grandson of Jacob's deceased second sister): 45. Married, 3 children. Sports aficionado. President of Atapco. Controls interest worth at least $330 million.

John T. Dorrance, III ★
Bennett Dorrance ★
Mary Alice Dorrance Malone ★

Inheritance; Campbell Soup. Brothers, sister. Grandchildren of John T. Sr., brilliant chemist who turned down professorship for $7.50-a-week job at uncle's Campbell Preserve Co. 1899. Wanted to try nutty idea: selling condensed soup in cans. Became president Campbell Soup 1914. Proved master salesman: "We were the original advertiser in many ways." Left $128 million estate to wife, 5 children 1930.

Son, John T. Jr. (d. 1989), controlled over 50%. Joined co. as hourly factory hand 1946; chairman 1962. Oversaw expansion: Swanson, Pepperidge Farm. John T. III: Devil's Tower, Wyo. 45. Married, 2 children. Campbell director; owns, runs Ipy Cattle Ranch. Bennett: Paradise Valley, Ariz. 43. Married, 2 children. Campbell director, chairman, managing director DMB Associates (investments, real estate) in Phoenix. Mary Alice (Mrs. Stuart Malone): Coatesville, Pa. 39. Married; 2 children, 2 stepchildren. Runs horse breeding operation at Iron Spring Farm. Three share at least $2 billion Campbell stock, plus other assets.

Donald Joyce Hall
Barbara Hall Marshall
Elizabeth Ann Reid

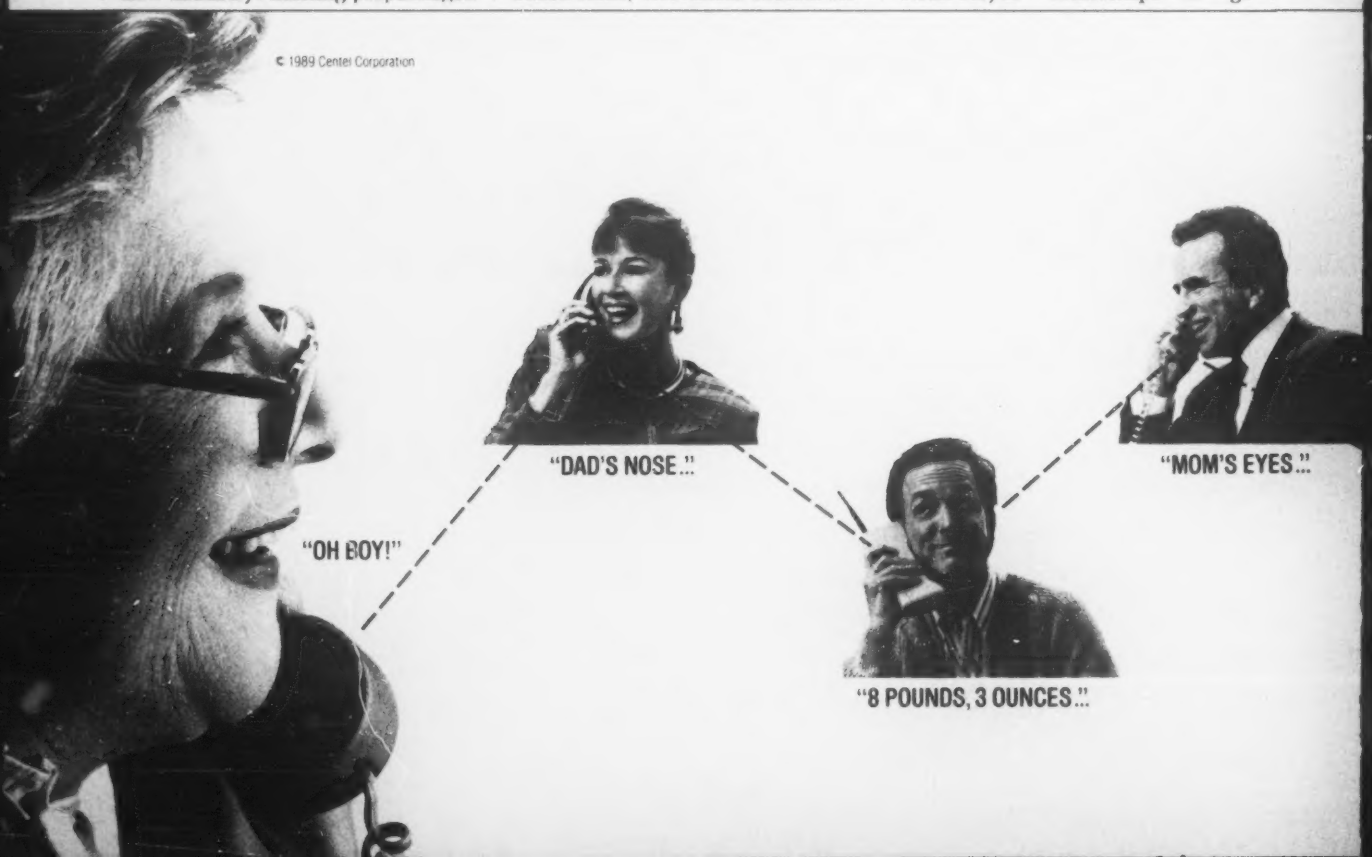
Brother and sisters. Hallmark Cards, Kansas City, Mo. Children of Joyce Hall (d. 1982), midwestern preacher's son, sold illustrated postcards to dealers 1910; greeting cards for holidays 1912. Invented new industry: making prepackaged sentiment for special occasions a necessity. Built brand loyalty with national advertising starting 1920s; avoided WWII rationing convincing government greeting cards important for country's morale. Now creative staff of 700; sales top $2 billion. Diversified with Spanish-language network, TV stations; Crayola crayons; Crown Center real estate development in Kansas City. Reputation for charity and civic concern. Donald: Mission Hills, Kans., 61. Married, 3 children. Chrmn., gave up CEO 1986. His third of Hallmark worth $650 million. Barbara: Kansas City. 66. Widowed, 2 children. Often judges card design; $325 million. Elizabeth: Denton, Tex., 67. Divorced, 5 children. Reclusive. Also $325 million.

Oveta Culp Hobby

Media. Houston. 84. Widowed, 2 children. Texas House parliamentarian at 20; ran for legislature at 25; lost. Though 27 years younger, wed former governor, *Houston Post* publisher William Hobby (d. 1964); added radio, television. Liberal Republican, fashion plate and first HEW secretary under Eisenhower (second woman to hold cabinet-level post); has 2½-inch *Who's Who* bio. Son William Jr. is Texas Lt. Governor; daughter Jessica Catto published *Washington Journalism Review*. H&C Communications sold *Post* 1983, bought Cowles Broadcasting 1985; now 6 TV stations, 1 radio. Fortune, much in heirs' names, mostly controlled by Oveta, around $650 million.

Jerry J. Moore

Shopping centers. Houston. 61. Married, 3 children. Son of poor Polish immigrants; high school dropout. Started in plumbing business; sold vacuum cleaners; built homes. Began buying strip malls 1966; kept buying. Now has over 20 million sq. ft. mall space, 75% in Houston. Family works in business. Home is transplanted 40-room 18th-century French château. Recently broadened out into resort business with Columbia Lakes Resort; also has one of the 57 existing Rolls-Royce dealerships—to go



with collection of 600-plus vintage cars. Rough-hewn, down-to-earth persona, "I despise falseness." Says net worth is much upward of $650 million.

William Ingraham Koch
Frederick Robinson Koch

Brothers. Oil services. Two of 4 sons of Fred Koch (d. 1967), cofounder (with James Howard Marshall II, *which see*) Koch Industries (now $16 billion private oil giant). Ugly 3-year battle for company control with brothers Charles, David *(see both)* split family early 1980s. Bill claimed bad management, poverty: "I'm one of the wealthiest men in America, and I had to borrow money to buy a house." Fred, NYC arts patron, joined Bill's quest for company; $1.5 billion buyout settled feud 1983. Bill (David's twin): Palm Beach. 49. Married, 1 child. Founded Oxbow Corp. (diversified energy trader) with half buyout money; operates Nevada geothermal electric plant; markets, trades coal, etc. Keeps other half of buyout money for rainy day; worth close to $650 million. Fred: Monaco, NYC. 55. Single. Went to Harvard, then chose Yale Drama over MIT. Now reclusive art collector, restorer. Worth at least $500 million.

Bob John Magness

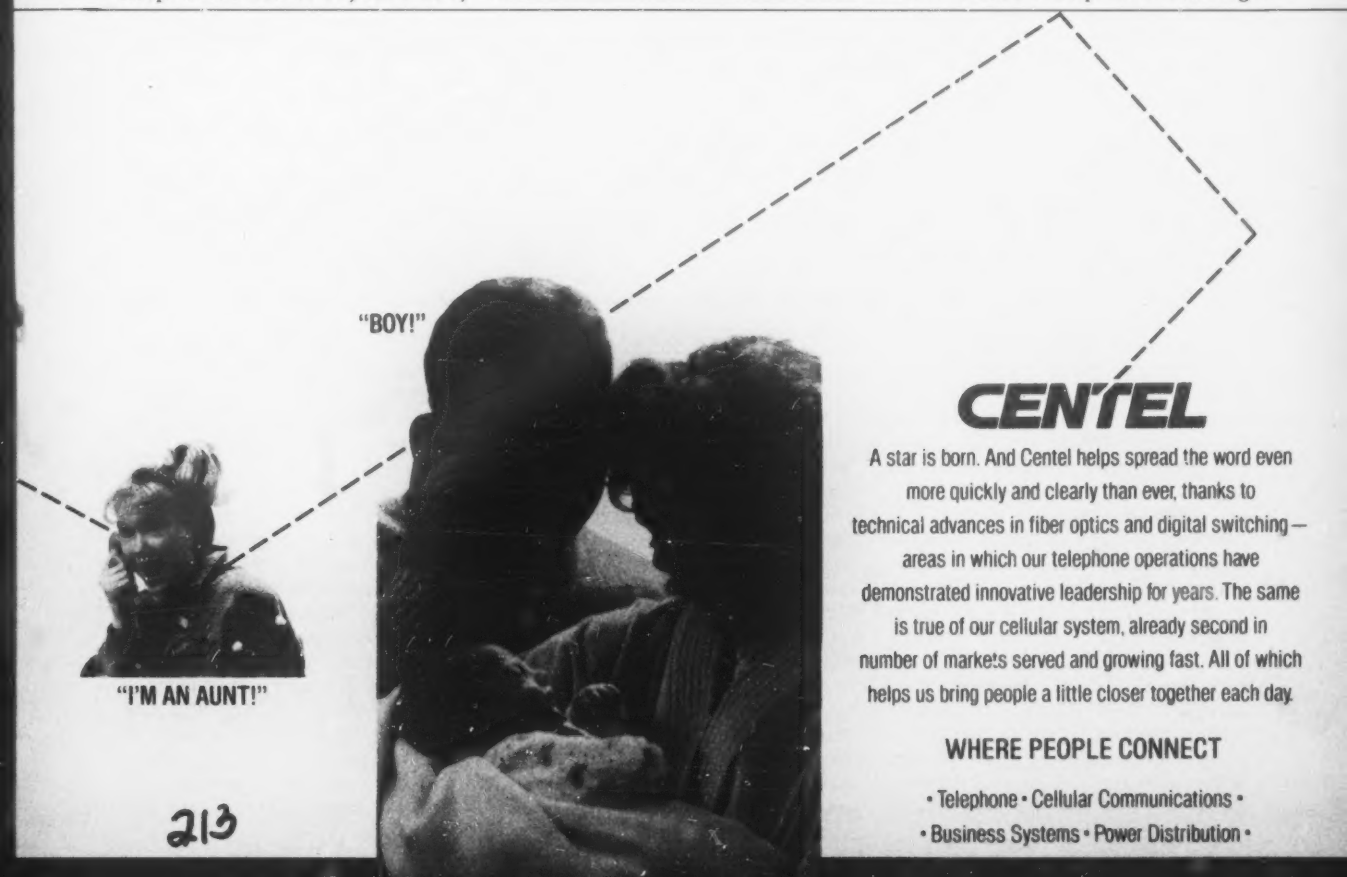
Cable TV. Englewood, Co. 65. Widowed, remarried; 2 sons. Oklahoma-born, worked as roughneck, cottonseed buyer. Pioneered in bringing television to small rural towns via cable. With late wife Betsy mortgaged house, sold cattle to invest in first cable system, Texas Panhandle 1956. Installed cable in small towns, depreciated; began buying systems in larger towns 1980s. "Old pole climber" formed Tele-Communications Inc. 1968; now nation's biggest cable television firm (6.2 million subscribers), large investments in other operators (has interests in 11.1 million subscribers). Collects western art. His Tele-Communications stock, other investments worth $645 million.

Jane Bancroft Cook

Inheritance. Cohasset, Mass. and Sarasota, Fla. 77. Thrice widowed, divorced once; 3 daughters. Only living grandchild of Clarence Barron, creator Dow Jones empire (bought *Wall Street Journal*, Dow Jones ticker from Charles Dow 1902); died 1928. Once avid sailor and rider; played summer stock opposite Humphrey Bogart. Director Dow Jones Co. 1950-85, "a zealous guardian of the journalistic independence of the *Journal*." Life marked by tragedy; very shy. Active in philanthropy. Shares Dow Jones stock with nieces and nephews *(see William Cox Jr. and Jane Cox MacElree)*. Jane's one-third worth $635 million.

Lawrence J. Ellison

Oracle Corp. Atherton, Calif. 45. Divorced, 2 children. Theoretical physicist; M.S. from U. of Chicago. Fast track: programmer at Amdahl, systems designer at Ampex. With Ampex boss Bob Miner, $2,000, created Oracle Corp. 1977. Reading



habit: IBM papers. Result was head start in database management language, "Sequel"; products hit market ahead of IBM. Business boomed. "Exceptional people" recruited from top schools, companies. "We've grown so rapidly." Now world's third-largest software co.; fiscal 1989 revenues $548 million. Workaholic, fitness fanatic, but likes dessert enough to have shares in cake company. Also high-tech stocks and 28% of Oracle: worth at least $635 million.

Jeremy Maurice Jacobs

Sports concessions. East Aurora, N.Y. 49. Married, 6 children. Lou Jacobs founded concession business with brothers 1915; serviced theaters, amusement parks. Found formula: made loans to troubled teams in return for exclusive long-term concession rights. Gold mine. Jerry CEO on father's death 1968; continued practice with Expos, Brewers. Today, contracts shorter term, less lucrative; competition intensifying. Diversifying: Delaware North now owns 12 racetracks, Boston Garden, Bruins. Hopes to service baseball in Japan: "We're avaricious as hell." So far net worth at least $625 million.

Melvin Simon
Herbert Simon

Shopping Centers. Indianapolis, NYC, Beverly Hills. Mel: 62. Herb: 54. Both divorced, remarried; 5 children each. Brooklyn-born sons of Manhattan tailor; both attended City College of New York. Mel sold encyclopedias in Indianapolis to supplement Army pay; later, $100/week job leasing retail space. Herb joined him, formed Melvin & Associates to build shopping centers 1960; "Marx Brothers" of malls now nation's largest mall developer: 60 million sq. ft.; another 13 million managed. Building massive Newport project New Jersey with Sam LeFrak *(which see)*. Mel: "The chance to build a city is not often available in the 20th century." Also developing Mall of America, largest U.S. retail, hotel, entertainment complex. Mel went Hollywood 1970s, produced *Love at First Bite*, *Porky's*. "No more scripts. Please don't send me any more scripts." Rescued ailing Indiana (basketball) Pacers 1983: "It was a gift to the town." Mel owns two-thirds, Herb one-third of business worth at least $900 million, net.

New York Historical Society

In 1904 J.P. Morgan's nephew, George D. Morgan, married a Japanese geisha, whose contract he had bought for more than $20,000. He did not attempt the hopeless task of introducing her to New York Society. In fact the couple returned to the United States only twice and lived in Yokohama and Paris.

Richard Mellon Scaife

Inheritance, publishing. Shadyside, Pa. (Pittsburgh area). 57. Separated, 2 children. Great-grandson of Judge Thomas Mellon. Through Scaife Newspapers, actively runs several smallish papers (after selling 2 to Thomson Group 1985), which promulgate his conservative ideology. Dislikes publicity, refuses to use middle name (thought father Alan Scaife treated shabbily by Mellons). Still most prominent Mellon of his generation. Long estranged from sister Cordelia Scaife May *(which see)*. Generous contributor to right-wing leaders, think tanks. Vigorously denies estimate, but worth believed to exceed $600 million.

Edward Crosby Johnson III

Money management. Boston. 59. Married, 3 children. Father, Brahmin lawyer Edward II, bought ailing Fidelity Fund 1946, built major mutual fund manager. "The market is like a beautiful woman, always fascinating, always mystifying." Son "Ned" CEO 1972. Father was stock picker; son, master marketer, clever creator new funds. Positioned perfectly for bull market 1980s. Now $97 billion in 170 funds, including $12 billion flagship, Fidelity Magellan. Hurt 1988: Profits dropped to $24 million from $80 million 1987. Also started limousine, head-hunting, computer businesses. His 47% Fidelity, etc., still worth over $600 million.

Robert Staples Howard

Publishing. Rancho Santa Fe, Calif. 65. Married, 4 children. U. of Minnesota dropout. After WWII inherited hometown (Wheaton, Minn.) newspaper: "I swept the floors, melted lead, sold ads, wrote stories . . . you name it." Founded Howard Publications 1961; gradually built into 19 dailies, over 450,000 subscribers. Unassuming but profitable chain (Hammond, Ind. *Times* is flagship), appreciating greatly in acquisitive newspaper climate. Sold Buffalo TV station to King World for $100 million. Also, late entry into cable with Don Reynolds *(which see)*; made over $80 million on $2,750/subscriber sale 1989. Now over $600 million.

Alexander Gus Spanos

Real estate. Stockton, Calif. 66. Married, 4 children. Left father's bakery after painful rift; peddled sandwiches to migrant workers; got into real estate. Founded A.G. Spanos Construction, Inc. 1960, built over 60,000 apts. Sunbelt. Two sons, one son-in-law in business: "If you can't trust family, who can you trust?" All fly over 6,000 miles weekly in private jets. With golf buddy Bob Hope performs dance routine at benefits. Owns 1,600 prize Stockton acres rezoned for development. Also, 73% San Diego (football) Chargers. Daily 2-mile walks, 60-hour workweeks (for 52 weeks), philanthropy. Net worth est. some $600 million. "I've

studied the lives of the 20th century's great businessmen, and concluded self-confidence was instrumental in all their successes."

Roy Hampton Park

Media. Ithaca, N.Y. 79. Married, 2 children. Born on prosperous North Carolina farm; college at 15. AP stringer $18 a week, ran college paper. First public relations, then launched Ithaca ad agency 1942, ran ad campaign for Thomas Dewey. Cofounded Duncan Hines 1947, sold to P&G for stock 1956. Key to success: "To have a new idea or know how to take three or four old ones and make something new out of them." Bought first television station 1962. Now Park Communications: 7 TV, 19 radio, 131 publications. Still works long days, weekends. Ithaca College renamed media school: Roy H. Park School of Communications. Antique car and watch collector. Estimated worth $600 million.

John Murdoch Harbert III

Construction, investments. Birmingham, Ala. 68. Married, 3 children. Won $6,000 in lucky streak at craps on ship coming home from WWII; dabbled in taxidermy, then bought concrete mixer and tools. Went broke 3 times in first 20 years: "Our statements weren't worth the paper they were typed on." Got local bridge contract; highways, pipelines, buildings followed; gradually went international (large presence in Egypt). Today Harbert Corp. revenues estimated $700 million. Directorships Enron, Birmingham Steel, AmSouth, ACIPCO. With at least 75% of Harbert Corp., $470 million in Amoco stock, other investments, net worth at least $600 million.

Joe Lewis Allbritton

Broadcasting, banking, publishing. Houston and Washington, D.C. 64. Married, 1 son. Born in D'Lo ("D-amn Low"), Miss., son of Houston cafe owner. Cofounded Texas S&L; bought and sold Houston acreage; millionaire by age 30. Has continued mode of quick turnovers with several properties including *Washington Star*; still has profitable WJLA-TV in D.C. Allbritton Communications now 5 television stations, small newspaper. Acquired reputation for tough-minded business practices, abrasive personality. Chairman of Washington "blue blood" Riggs National Bank. "It'll be the principal bank in the capital of the Free World." Worth estimated $600 million.

Joseph Albert Albertson

Albertson's Inc. Boise, Idaho. 83. Married, 1 daughter. Dropped out of college during Depression, began business career with $26-a-week job at Safeway Stores. With L.S. Skaggs *(which see)*, $5,000 of his own and $7,500 loan, financed grocery store in Boise 1939. Original store noted for innovative features including in-house bakery, magazine rack and drugstore. Now reigns over 17-state empire of 505 stores, $6.2 billion sales last year. Has operated without Skaggs since amicable split 1977. His 16% Albertson's worth $600 million. "Give the customers what they want."

Harry Ransom Humanities Research Center, University of Texas

Henrietta King, 81, the widow of Captain Richard King, in 1914. Her husband built the largest ranch in the country, in south Texas. It was bigger than the entire state of Rhode Island. As cattle by the tens of thousands grazed on top, oil, by the millions of barrels, was found below.

Robert Lee Moody

American National Insurance. Galveston, Tex. 54. Divorced, remarried; 4 children, 4 stepchildren. Cotton, banking business launched by great-grandfather William Lewis Moody, came from Virginia 1860s. Grandfather William Jr. founded ANI 1903; added newspapers, hotel chains, ranchland, to virtual insurance monopoly (courtesy Texas legislature). Died 1954, split assets between family trust, foundation; family infighting ensued. Robert purchased foundation's 51% Moody National Bank shares 1979; through it controls family trust's 35% ANI, etc. Brother Shearn imprisoned for bankruptcy fraud 1987; still there. Robert's assets worth at least $590 million.

George Phydias Mitchell

Oil, real estate. Houston. 70. Married, 10 children. Galveston, Tex. native whose Greek father managed shoeshine parlor, dry cleaners. Sold stationery to pay for petroleum engineering, geology studies, Texas A&M. Résumé includes employment at Amoco, service in WWII. Took pieces of action for geology fees. Started consulting with Mitchell Energy & Development predecessor 1946. Company now one of nation's largest independent oil and gas producers. Also, corporation has major real estate. With wife, spent $40 million to restore historic Strand district of Galveston. "We want to be a catalyst and impetus for people to do a better job of restoration." Stock, etc. worth $590 million.

Barbara Piasecka Johnson

Princeton, N.J. 52. Widowed, no children. Third wife John Seward Johnson (d. 1983; heir with brother Robert to J&J fortune). Claims art history M.A., Wroclaw U.; fled Poland, arrived U.S. 1968 with $100. Upstairs chambermaid on Johnson's estate; married 3 years later. Built $30 million, 126-acre "Jasna Polana" (after Tolstoy's estate) Princeton late 1970s. Vast Old

Masters collection; Greek, Roman sculpture. Soap-opera court battle with Johnson's children; "Basia's" winnings now worth over $570 million. Proposed investment of $100 million in rusty Gdansk shipyard with Polish government to save some 10,000 jobs. "Money is to spend; it does not have any value otherwise."

Peter Stephen Kalikow

Real estate, NYC. 46. Married, 2 children. Grandfather Joe built apartments Queens, Brooklyn, Bronx 1920s-30s. Father Harold split from brothers 1968 to form H.J. Kalikow & Co. Peter took over 1973. Owns 6,000 apartments, office space. Gambled on building, costly 101 Park Avenue office tower 1982 ($160 million); now worth $400 million. Planning hotel downtown. With $24 million in union concessions, paid $37.5 million for *New York Post* 1988. Analyst: "The real estate is worth more than the paper." Kalikow: "The more people tell me not to do something, the more I want to do it." Worth at least $570 million.

Leon Hess

Amerada Hess Corp. NYC, Deal, N.J. 75. Married, 3 children. Father, Lithuanian immigrant, kosher butcher, started small N.J. fuel delivery firm, went under 1933; reorganized with 18-year-old Leon in charge. Built truck fleet designed to keep heated (thus pourable) dirt-cheap residual fuel. Fought for federal oil contracts, entered storage business 1938. Pushed into exploration, refining and retailing. Merged with Amerada Corp. 1969. Leon still calls shots; son John VP, headed for top slot. But Leon: "As long as I live, have my health and can justify my existence, I expect to stay." With AH stock, N.Y. (football) Jets, worth at least $560 million.

Thomas John Flatley

Real estate. Milton, Mass. 58. Married, 5 children. Emigrated from Ireland to Baltimore 1950 with $32 in pocket. Hard work, frugality led to ownership 4-family-unit apt. building Boston 1959. Ramped up into 5,500 additional units Boston area, N.H., R.I. Began building commercial property, got caught in mid-1970s real estate bust, stayed liquid doing workouts with banks. Lives on less than $100,000/year; but doesn't have to: Owns 4 million sq. ft. office, 2.5 million sq. ft. malls, 13 hotels with 3,600 rooms, TV stations. Not incorporated, possibly largest sole proprietorship in U.S. Has few partnerships, modest leverage. Pockets now have more than $32: try $560 million.

Howard Kaskel

Real estate. NYC. 52. Married, 6 children. Father Alfred (d. 1968) built Doral Hotel & Country Club Miami 1960; bought 4 rundown NYC hotels early 1960s. Now 8-hotel, 3,000-room, glitzy Doral chain. Also Carol Management Corp.: runs apartments NYC's Queens, Manhattan; office buildings, etc. Nephew Steven Schragis acquired book publisher Lyle Stuart to start Carol Publishing 1988; also startup Birch Lane Press. Howard paid $60 million for Westchester hotel/conference center 1986. Lost 1987 takeover bid, sold 11% Kansas City Southern 1988 for no gain. Colleague: "He doesn't have the personality of a raider." Hotels, etc. worth at least $560 million.

William Morse Davidson

Guardian Industries Corp. Bloomfield Hills, Mich. 66. Thrice divorced; 2 children. Practiced law briefly; saved small, failing businesses. Took over uncle's interest in Guardian, then failing windshield firm. Took public 1968. Now nation's fourth-largest glass manufacturer with 15% flat glass market, 8% automotive. Took private 1985 in $500 million LBO. No stranger to litigation: sued at least 6 times since 1965; lost most recent appeal on patent infringement lawsuit; must pay competitor $38 million in interest, royalty and technological payments. Owns 57% Detroit (basketball) Pistons; 80% state-of-the-art stadium, The Palace of Auburn Hills. Net worth estimated at $550 million.

William Russell Kelly

Kelly Services, Inc. Troy, Mich. 83. Married, 1 son. Father international oil pioneer, 7 children, died 1928 leaving no estate. Kelly dropped out of U. of Pittsburgh to support family. Car salesman; Army fiscal analyst WWII; accountant. Foresaw need to staff new office business machines with trained operators. Moved to Detroit, founded Russell Kelly Office Services 1946: "I

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Washington, D.C.

thought the automobile business would require a mass of paperwork." Went public 1962; now over 900 offices worldwide with sales of $1.3 billion. Trains over 6,000 temporary office employees weekly. Son, Terence Adderley, pres., CEO. Kelly's stock worth $550 million.

Ralph Lauren

Polo, Inc. NYC and vicinity. 50. Married, 3 children. Ralph Lifshitz, son of Russian immigrant, grew up in Bronx, dreaming of sports career; designed red satin baseball team jackets. Quit CCNY; as fashion designer, sparked wide-tie fad late 1960s. Turned preppie 1970s, creating clothes from mythical American past: "I am writing a story." Subtle print campaign built name; numerous props in stores perpetuate image: designed for *The Great Gatsby*. Led U.S. designers into retailing on large scale, competing with his customers but full control over products. Crazy? His 90% Polo, etc., worth over $550 million. Several homes include Colorado ranch, no Bronx walk-ups.

Daniel Keith Ludwig

Shipping, real estate. NYC. 92. Divorced, remarried; 1 daughter by first marriage, 2 stepchildren. Son of Michigan real estate agent. Quit school, borrowed $5,000 at 19 to convert old steamer. In 1930s chartered tankers to oil companies, used leases as collateral to build the tankers; soon, world's third-largest tanker fleet. S&Ls, real estate, mines, oil and gas. Sank over $1 billion in Brazilian wood-pulp empire; defeated by Amazon jungle, Brazilian govt. Foreign assets owned by his Zurich cancer institute. Once told employee: "Working on a deal is better than a climax." Still has NYC, N.J. real estate, shipping. Reclusive; now painfully ill. Believed worth $550 million.

Craig O. McCaw
Bruce R. McCaw
John Elroy McCaw Jr.
Keith W. McCaw

McCaw Cellular Communications. Seattle. Father John E. impetuous, rugged radio, TV pioneer in Northwest. Began with radio station in Centralia, Wash. 1937. Later added WINS New York, then novel rock 'n' roll format now all news, KYA San Francisco; also TV stations, cable. Wanted to bring Brooklyn Dodgers to Seattle. Left affairs tangled, loaded with debt on sudden death 1969; family forced to sell all but one cable system. Craig: 40. Married, no children. Upon father's death 1969 ran business while undergraduate at Stanford; now family leader, CEO. While rebuilding company saw potential of cellular phones early 1980s; took on Baby Bells; now nation's largest cellular co. Lightened massive debt with sale of 22% stake to British Telecom for $1.3 billion 1989. Still operating in red, but well-positioned for long term. Sold cable operations to Jack Kent Cooke *(which see)* for $750 million 1987. Considered industry genius. Brothers all directors: John, 38 (married, 3 children), VP heading acquisitions. Neither Bruce (43, single), partner in insurance brokerage, nor Keith (36, married, no children) has day-to-day role with firm. Bruce works for children's charities. All very private: "We are not public figures, and we don't intend to be." Craig owns $550 million of stock; remaining 3 share $1.47 billion worth.

UPI/Bettmann

Brigadier General Theodore Roosevelt talking with a Sicilian peasant, 1943. The former president's oldest son was to die the following year, of a heart attack, after the Normandy invasion.

William S. Paley

CBS. NYC; Southampton, N.Y. 88. Divorced, widowed; 4 children, 2 stepchildren. Father, Russian immigrant, became wealthy Philadelphia cigar king. After Wharton, 1922, Bill's interest was piqued when cigar company advertised on radio: bought struggling network 1928. Built into CBS; network earned respect for news. Later raided NBC stars (Jack Benny, Red Skelton), discovered own (Bing Crosby). Longtime socialite; CBS executives in his day judged on appearance, social style. Unable to relinquish control: returned as chairman 1987. But now Tisch runs things. Modern art, real estate, CBS stock worth over $530 million.

Charles Henry Dyson

Conglomerator. NYC. 80. Married, 4 children; 1 son in business. Price Waterhouse CPA; advised War Secretary 1941; at Bretton Woods Conference 1944. Textron VP postwar, thought diversification too slow, left. Launched Dyson-Kissner (now Dyson-Kissner-Moran) with former colleague Franklin Kissner. Built conglomerate; acquired over 30 companies in past 5 years alone. Interests in 9 public companies (Esterline, Neoax, Varlen, etc.), private companies with sales over $1.1 billion. Extensive real estate holdings and development; very active. "We're always into something new." Chairman Emeritus with 91% of DKM, estimated net worth over $530 million.

Thomas Stephen Monaghan

Domino's Pizza. Ann Arbor, Mich. 52. Married, 4 daughters. Fatherless at 4, raised in orphanages. Regrets being thrown out of seminary for misconduct. Bought pizza parlor with $500 loan 1960; opened 5,000th this spring: unmatched delivery times (but do they drive too fast?). Fits Mass, 6-mile run into whirlwind daily schedule; fasts Fridays. NOW attempted boycott over prolife donations: "The publicity boosted sales." Amateur architect; owns Detroit Tigers. Plans oddly shaped office building, homage to Frank Lloyd Wright, near HQ: "Leaning tower of pizza." Considering sale of company to concen-

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trate on Catholic, etc., charities. Worth estimated $530 million.

William Wrigley

Chewing gum. Lake Geneva, Wis. and Chicago. 56. Twice divorced, remarried; 2 sons, 1 daughter. Grandson of William Wrigley Jr., salesman who arrived Chicago 1891 with $32. Sold baking powder with premium: free chewing gum. Discovered the gum sold better. Innovator: one of the first to offer retail incentives for merchants (lamps, scales, razors); also one of first to advertise brand name: Wrigley's Spearmint, Juicy Fruit, Doublemint. Company long among largest manufacturers chewing gum. William—"Basically, gum is an adult pacifier"—president. Revenues $900 million 1988. Sold Chicago Cubs 1981 to pay parents' estate taxes. Arabian horses, stock, etc. worth at least $530 million.

Laszlo Nandor Tauber

Real estate. Potomac, Md. 74. Divorced, remarried; 2 children. Born Budapest; champion Hungarian gymnast. Hungarian medical school: "Since the day my consciousness began I've wanted to be in medicine." Survived Nazi labor camps; escaped on second try: "I just walked away one day." To U.S. 1947; built first apartment project 1951 on vacant lot bought for $9,500. Built own hospital 1965 to do surgery; put up plain vanilla government offices 1960s (Uncle Sam's biggest landlord). With choice NYC buildings, now almost 8 million sq. ft. Still spends hours in surgery. "I devote 10% of my time to real estate, but 90% of my income comes from it." Lucrative sideline; est. worth $525 million.

Richard E. Jacobs

Shopping centers. Lakewood, Ohio; NYC. 64. Divorced, 3 children. Father marketed Goodyear dirigibles. Dick, brother Dave sold real estate after WWII; scouted sites for then-fledgling mall developer Edward DeBartolo *(which see)*. With partner Dominic Visconsi, built own mall Columbus, Ohio 1962; 44 malls later, Jacobs, Visconsi & Jacobs owns 44 million sq. ft. nationwide; Visconsi still financially involved, but no daily interaction. Dick deals, Dave builds. Also Wendy's franchises, Marriott hotels, Cleveland (baseball) Indians; building 2.5 mil-

lion sq. ft. office space Cleveland. Dick believed to have 70% of fortune estimated $720 million, Dave 30%. Dick: "I never figured it up. If you saw my desk you'd understand why."

Meshulam Riklis

Finance. Beverly Hills, NYC. 65. Divorced, remarried (to actress Pia Zadora); 3 children by first marriage, 2 by second. Born Turkey, landed U.S. 1947. Stockbroker, Minneapolis. Organized investment syndicates. Built own empire piling debt on debt in nonstop acquisitions: "Meshuggener Reckless" to friends. Now swapping $1-billion-plus companies like trading cards: Fabergé/Elizabeth Arden, E-II. Rapid-American bondholders got paper collateral; Riklis, the hard assets. Controls billions in complex holdings web. After incredible financial machinations, unclear how many hundreds of millions he's worth over $500 million. On deals: "You can name the price if I can name the terms."

William Michael Cafaro ★

Malls. Youngstown, Ohio. 76. Married, 3 children. One of 9 children; immigrant parents. First job in steel mill. Owned popular local bar early 1940s. With brother John (d. 1986), built first shopping center 1949. Built more: Cafaro Co. now 7th-largest mall builder (DeBartolo, *which see*, also from Youngstown). Taught sons Anthony and J.J. the business: "If you make a friend today, you can always make a deal tomorrow." Concentrates on middle markets. Family owned half of carmaker New Avanti, J.J. picked up the other 50% in 1988. Cafaro Co. in family trust. With trust, believed worth at least $500 million, denied by J.J. Cafaro, laughing hard: "comically low."

Estée Lauder
Leonard Alan Lauder
Ronald Steven Lauder

Mother, 2 sons. Cosmetics. NYC and the Hamptons. Estée: 81. Widowed. Josephine Esther Mentzer born to Hungarian immigrant parents in Queens. Peddled skin creams for uncle, later went on own, attached Estée Lauder name to products. Summer resort romance led to marriage to Joseph Lauder (d. 1983). By 1960 sales over $1 million (mostly Youth Dew fragrance). Uncanny sixth sense for fragrances, consumer trends. Today one of world's largest cosmetics companies. Estée, Clinique, Prescriptives, Aramis cosmetic lines sold only through upscale department, specialty stores. Not involved in day-to-day operations, but still reigning queen of cosmetics world. Leonard: 56. Married, 2 sons. Current CEO; now credited with company's huge growth. Ronald: 45. Married, 2 daughters. Ran foreign operations. Political aspirations, left active management 1983: deputy assistant defense secretary (NATO); U.S. ambassador to Austria (1986-87); this year ran for NYC mayor—spent some $12 million on campaign, more than any mayoral candidate in history. Also oversees Lauder Investments, Inc., family holding co.; still company director. Family company worth well over $1.5 billion.

Cordelia Scaife May

Inheritance. Ligonier, Pa. 61. Divorced, widowed; no children. Great-grandaughter of Judge Thomas Mellon. Brief marriage 1950. Wed 1973 to longtime friend Robert Duggan, Pittsburgh D.A.; he died of gunshot wound during corruption investigation 1974. Brother Richard Mellon Scaife *(which see)* has not spoken to her since. Endowed Laurel Foundation to support education, population control, other liberal causes. Maintained family tradition (Mellon fortune built on 19th-century venture capital) in small way, funded emerging companies through Roldiva Inc. Net worth (mostly in trusts) believed over $500 million.

Amos Barr Hostetter Jr.

Continental Cablevision, Inc. Boston. 52. Married, 2 daughters. Stockbroker's son raised Short Hills, N.J. Harvard M.B.A., stint in utility finance; "Bud" started cable co. with frat brother J. Irving Grousbeck 1963. Each put up $4,000 (as did Bud's father). Acquired some franchises, built some from scratch. Bought McClatchy *(see family)* cable co. 1986. Now fourth largest in U.S. (2.5 million subscribers). Bought back Dow Jones 17% stake 1989 for $300 million. Grousbeck left for teaching 1981, his 10% appreciating rapidly: "When you put a boat in a fast current, it's going to go downstream." Bud's 28%-plus of stream now worth over $500 million.

Louis Larrick Ward

Russell Stover Candies, Inc. Kansas City, Mo. 68. Married, 3 children. Stanford, WWII naval duty, then to Wall Street. Bought small paper box company 1950; customers included Hallmark Cards, Stover Candies. "I saw a great deal of potential in Russell Stover." Bought 1960, $7.5 million; went public same year; took private 1981. No advertising; insistence on quality, attractive packaging built point-of-sale appeal. Transformed into nation's largest boxed candy producer; also modern plants, low-cost labor: "Keep going forward, but keep your eye on the company in the rearview mirror." Relaxes at two Montana ranches. Ward says net worth $700 million; at least $500 million visible. "We can be twice as big."

Charles Cassius Gates Jr.

Gates Corp. Denver. 68. Married, 2 children. Charles Sr. lured west by gold strikes; bought tire cover firm Denver 1911. Built with aggressive promotion; used new material for tires and hoses: rubber. Invented V-belt, universal automotive engine element, 1917. Charles Jr., Stanford engineer, inherited company with 4 sisters 1961. Ignored father's advice to avoid risks; diversified (automated egg farm, trucking): "We have to broaden our base." Pilot and aviation buff, maligned for buying struggling Learjet 1967; sold 65% stake for $57 million 1987. Left tire business 1974; rubber products still over 80% of sales (rest in energy products, auto interiors). Firm and real estate estimated at least $500 million.

Frank Batten

Media. Virginia Beach, Va. 62. Married, 3 children. Uncle Samuel Slover arrived Virginia 1900, was offered interest in ailing paper, *Vir-*

ginia-Pilot, if turned around; did it in a year. Frank raised by uncle; Harvard M.B.A.; publisher 1954. From one paper (flagship now Norfolk *Virginia-Pilot/Ledger-Star*), aggressively built Landmark Communications; first cable franchise 1964 (now 600,000 subscribers); 8 dailies, 31 weeklies; 2 TV, 2 radio stations. Modest: "We've always had good people." Weather Channel, started with meteorologist John Coleman 1982, now his and very profitable. With rising value of newspaper, cable properties, est. net worth over $500 million.

Harold Brown

Real estate. Boston. 64. Divorced, 2 children. Son of poor Russian immigrant; played clarinet, sax for $2 a gig. MIT 1947, studied metallurgy: "It was the field with the lowest unemployment and the highest wages." After WWII started doughnut chain; recalled to Korea 1950. After, as sideline bought 6-unit apartment building 1956; discovered real estate. By 1970s: "I had to either quit my job or sell my real estate." His Hamilton Realty Co. now approximately 6,000 apartments, 9.1 million sq. ft. commercial space Boston area. Taking flier in movie production venture: *All's Fair* made LA debut Feburary. Hal now worth well over $500 million. Beats metallurgists' wages.

Marshall Field V
Frederick (Ted) Woodruff Field

Half brothers. Inheritance, media. Original Marshall Field started as Chicago store clerk; scrimped pennies, went into dry goods with two partners 1865 (later bought out). Built Marshall Field & Co. into world's largest dept. store, left all in trust to 2 grandsons. Grandson Marshall III sold store 1941; bought *Chicago Sun*, added *Times* 1941, later TV, cable. Field Enterprises inherited by Marshall IV (d. 1965, age 49). Marshall V joined *Sun Times* after Harvard, publisher age 28. Conflict with incompatible half brother Ted ended in liquidation 1983. Marshall: Lake Forest, Ill. 48. Divorced, remarried; 4 children. Bought Ted's share of real estate firm Cabot, Cabot & Forbes; later bought Pioneer Press (suburban newspapers); sold for handsome profit to *Sun Times* 1989. Also, Xerox educational publications, Muzak; recently added Funk & Wagnall, Curriculum Innovations Group (publisher of maps and magazines for students). Ted: Beverly Hills, 37. Divorced twice, remarried; 3 children. Raised in Alaska by mother (editor of *Christian Science Monitor*). Fling with racing cars; now produces movies via hit factory Interscope *(Outrageous Fortune, Three Men and a Baby, Cocktail)*. Knack for turning big profits: bought Panavision for $20 million 1985, realized $80 million 1987. Reported $40 million piece of Jimmy Goldsmith's epic bid for Britain's B.A.T Industries. Also trades commodities, develops real estate. Estimated net worths: Marshall, at least $460 million; Ted, $500 million or more.

M. Larry Lawrence

Real estate. San Diego. 63. Twice divorced, remarried; 3 children. Grew up poor on Chicago's North Side, worked at deli from age 9. Athletic scholarship at U. of Arizona; pro football briefly. Built homes with father-in-law in Chicago; headed to San Diego 1953; worked in contracting, insurance. Developed commercial, residential real estate; "Every time I know or hear about a potential deal, I look for a way to get involved." Best deal: buying landmark Hotel del Coronado in San Diego for under $10 million 1963. Larry made additions: now worth over $400 million. Important fundraiser, mover Democratic Party. Net worth over $500 million.

William Walter Caruth Jr.

Real estate. Dallas and Crystal River, Fla. 77. Married, 4 children. Grandfather opened general store 1849, used profits to buy land, amassed 30,000 acres. Father sold some, Will Jr. took over 1937; developed and sold for decades. Most liquidated; some projects with Trammell Crow *(which see)*: "He never uses his own money and I never use anybody else's; and I think his is the better way and he thinks mine is the better way." Now buying raw land for "the next generation of developers or promoters to buy and develop." Estate will go to Caruth Foundation. Family trusts are worth at least $500 million.

UPI/Bettmann

Pool party in Palm Beach, Fla., 1923. Palm Beach became the winter playground of the East Coast noisy rich in the 1920s. The quiet rich preferred Hobe Sound and elsewhere. Here an "all-girl" orchestra entertains.

Luigino Francesco Paulucci

Food processing, real estate. Sanford, Fla. 71. Married, 3 children. Started Minnesota-based canned Chinese food business age 22; sold Chun King for $63 million 1966. Founded Jeno's Pizza 1967; sold 1985; $147 million. Moved Jeno's from Duluth 1981; pledge to replace 1,200 jobs still unfulfilled; fought taking of unused land for job-making paper mill. His own popularity poll in Duluth two-thirds negative: "It hurt." Developing "dream" community near Orlando. Housing sales weak, so scaling down luxury. Cleared in grand jury investigation of 2 a.m. land sale to county; building near sensitive Wekiva River Preserve. "I don't give a goddamn who gets in my way." Worth est. $500 million.

Sheldon Henry Solow

Real estate. NYC. 61. Married, 1 child. Russian immigrant father worked in masonry business. Sheldon at 16 worked for contractor; developer by 22. Risked all on landmark Manhattan skyscraper 1972, 9 W. 57th: sloping glass sides, big red "9" sculpture on front sidewalk; widely known as Avon building, now officially Solow building. Commands top rents for Central Park views. Also Manhattan apartment buildings including city's most expensive. Hands-on manager; litigious, keeps bodyguards; art lover. Skillful dealmaker but managerial philosophy questioned: full-fledged rent rebellion in East Side luxury apartment building. Sheldon's est. net worth $500 million.

Donald George Fisher

The Gap. San Francisco. 61. Married, 3 sons. Finance major, college swimming star Berkeley; graduated 1950. Frustrated shopper, cofounded first Gap store with wife 1969. Pioneered customer conveniences; e.g., arranged clothes by size not style. Clever marketing, Seventies teen jean craze sent revenues skyrocketing. Nothing is forever: Teens grew up. Revamped for mature audience; now includes Banana Republic, GapKids, Hemisphere. "We convey a singular point of view." Kids own $373 million in stock. With wife, Don owns shares worth $500 million.

UNDER $500 MILLION

Maurice Raymond Greenberg
Mansfield Freeman

American International Group. NYC. AIG founded Shanghai 1919 by C.V. Starr (d. 1968), first Westerner selling insurance to Chinese. Built international conglomerate; no heirs. In effect, left company to its management: large block AIG shares, other investments in private holding companies controlled by key executives; control passes to their choice of successor. Thus, inheritance by management. Greenberg: NYC. 64. Married, 4 children. Raised on dairy farm N.Y. State. Army, WWII and Korea; law school via G.I. bill between wars. Landed insurance job AIG 1960 by going over head of executive who refused to hire him. President, CEO 1967; executive's fate unknown. Reputation as tough boss. Stock, other investments estimated well over $490 million. Freeman: Greensboro, Vt. 94. Widowed, 1 son. Joined Starr in China early 1920; returned U.S. 1941, retired 1960. Son Houghton, vice chairman, 68, votes shares, but stock remains in Freeman's name. With stock, etc., worth at least $360 million.

Malcolm Stevenson Forbes

FORBES magazine. Far Hills, N.J. 70. Divorced; 5 children, 4 in business. Father B.C., Scottish immigrant 1904, launched magazine 1917. His sons inherited 1954: Bruce died 1964, MSF sole stockholder. N.J. state senator, gubernatorial candidate 1957. Enormous growth from 1960s; now top business publication, unusually profitable. Bought *American Heritage* for reported $10 million 1986, headed by son Tim; ad revenues up 50% this year. Acquired Somerset Press (6 N.J. weeklies) 1987, added *Cranford Chronicle* 1988; Forbes Newspapers now 13 weeklies. Starting *Egg*, upscale magazine on what's hot. Owns 400-sq.-mile Colorado ranch, South Sea island, Tangier palace, French château, London mansion; several hundred Fabergé pieces including dozen Imperial eggs—2 more than Kremlin; also presidential letters, toy soldiers, toy boats, etc., etc. Author 7 books (*They Went That-a-way* on bestseller list 5 weeks). Just published *More Than I Dreamed*; 6 balloonist records; 13 private friendship balloon-motorcycle trips (Russia, China, Egypt, etc.). Scheduled successor: MSF Jr.

Reputed net worth:

N.Y. *Daily News:* billionaire.

London *Daily Mail:* £400 million

New York *Newsday:* $400 million to $700 million.

MSF: "I'm solvent."

Katharine Graham
Donald E. Graham ★

Mother and son. Washington Post Co. Washington, D.C. Kay: 72. Widowed, 4 children. Father Eugene Meyer bought bankrupt *Post* at auction 1933; created morning monopoly. Kay's husband Philip took over 1946. Restored profitability, expanded, bought *Newsweek* 1961. After Philip's death ex-housewife Katie took over as president from 1963; chairman, chief executive 1973. Led company through Watergate scoop 1972, violent strike settled 1975. Daughter Lally Weymouth writes for *Post*. Kay resists tough, imperious image: "I think whatever power I exert is collegial." Donald: 44. Married, 4 children. Harvard 1966; Vietnam stint; returned to join Washington, D.C. police department 1969. Joined *Post* 1971; publisher 1979. Installed ex-

ecutives, reinvested profits: opened new bureaus, modernized production, launched special section, etc. Vows to stay out of national newspaper derby: "In the economic sense we are a local paper." Also 4 television stations, expanding cable. Voting rights recently altered to tighten family control. Kay, son, other family have stock and assets worth over $880 million.

David Geffen

Music. Malibu, Calif. 46. Single. Born Brooklyn; faked college degree to work in William Morris mailroom. Managed folk acts; founded Asylum Records 1970. Sold to Warner 1972 for "biggest number I could think of": $7 million. "Warner made it back on the next Eagles record." Warner vice chairman until 1976 cancer scare. Started Geffen Records 1980; this time held for the next record. Became home for aged pop stars for time, then caught fire with "head-banging" platinum-sellers (Guns N' Roses, Whitesnake); movies *(Risky Business, Beetlejuice);* Broadway shows *(M. Butterfly, Cats).* "Somehow I tap into what people like. I haven't a clue why. But it seems to work." Can now think of a much bigger number: record company, art, investments worth over $490 million. "There's no glamour here, I'm a businessman."

Alpheus Lee Ellis

Banking, real estate. Tarpon Springs, Fla. 83. Widowed, 1 daughter. At 14, cleaned father's Alabama bank for $8 a month plus change he found in spittoons. "Dean of Florida banking" flunked college banking course, quit; bought first bank 1943. With wife, slowly acquired 15 Florida banks, formed Ellis Banking Corp. 1972. Conservative: no condos or commercial loans. Worked every holiday for 20 years. Sold his 57% Ellis Banking to NCNB Corp. for 4 million shares, lifetime job, limousine, chauffeur. Also has extensive real estate holdings in Tampa, Clearwater. Worth at least $490 million. "I've been in the banking business 64 years, and this is the first time in my life I'm completely out of debt. I feel kind of uncomfortable."

Shelby Cullom Davis

Investment banking. Tarrytown, N.Y. 80. Married, 2 children. Graduated Princeton 1930, Columbia grad school 1931, Ph.D. Geneva 1934. CBS correspondent in Switzerland before WWII. Later ambassador 1969-75. In U.S., learned insurance business as New York deputy superintendent of insurance 1945. Founded investment firm Shelby Cullom Davis & Co. 1947, one of first to specialize in insurance stocks. Currently chrmn. Heritage Foundation, retired chrmn. National Right to Work, conservative causes. Intends to leave "high portion" of estate to Heritage: "I can't imagine a better place." Avid skier with wife, grandchildren. Estimated net worth $490 million.

Sigfried Weis
Robert Freeman Weis

Cousins. Weis Markets. What began as a neighborhood grocery store in Sunbury, Pa. started by their fathers 1912 now a 119-store supermarket chain throughout Pa., N.Y., W.Va., Md. Famously high margins for industry. Key to success: vertical integration. Employ own architects, construction crews, trucks for distribution; produce 1,500 private-label items. Fastidious about quality: "There is a lot more to the supermarket business than price. What matters is value." Strict cost controls, no debt. Also Amity House family-style restaurants (ice cream, sandwiches). President Sigfried: Lewisburg, Pa. 73. Married, 3 children. Golfer, antiques collector. Owns 33% company worth $490 million. Vice president Robert: Sunbury, Pa. 70. Married, 3 children. Owns 28% worth $420 million; sister, Ellen, worth another $128 million.

Andrew Jerrold Perenchio

Television. Bel Air, Calif. 58. Twice divorced, 3 children. Son of Fresno vintner; voted "Teller of Tall Tales" in prep school; ran catering business to pay for UCLA. Former talent agent; clients included Elizabeth Taylor, Marlon Brando. Promoted Ali-Frazer fight, Billie Jean King-Bobby Riggs match. Teamed with Norman Lear 1974: *All in the Family,* etc.; sold all program interests 1985 to Coca-Cola; split $485 million. Bought Loews theaters for $160 million in 1985, sold for reported $300 million 1986. Owns $13.6 million Kirkeby estate, former residence Beverly Hillbillies. Avoids press successfully. Stock, other assets worth $485 million.

Dorrance Hill Hamilton
Hope Hill van Beuren
Charlotte Colket Weber

Inheritance. Granddaughters of John Dorrance Sr., chemist who hit on idea for condensed soup in cans. Left third-largest estate in U.S. 1930 (Campbell Soup stock, investments worth $128 million): 50% Campbell (including mother's share) to John Jr. *(see John T. Dorrance III);* one-eighth to each of 4 daughters, now deceased; their children inherited. Dorrance (Dodo): Strafford, Pa. 61. Married, 3 children. Campbell director, runs gift shop near home. Dorrance's stock, etc., at least $450 million. Hope (Happy): Middletown, R.I. 55. Married, 3 children. Her stock, etc., at least $475 million. Sisters still have 13% of Campbell. Cousin Charlotte: Ocala, Fla., NYC. 46. Married, 4 children. Studied Sorbonne, Ecole du Louvre; donated $20 million ancient Chinese art to Metropolitan Museum; remaining collection worth well over $100 million. Husband John professor anatomy, cell biology Cornell Medical College. Couple breeds, races Thoroughbreds. Her fortune over $320 million.

John Orin Edson

Leisure craft. Seattle. 56. Married, 2 children. Founded Bayliner (powerboats) 1955. Company was fastest craft on the water: Sales, profits doubled in each of last 3 years before sold to Brunswick late 1986. Remarkable ability to carry out classic precept: simplify production in traditionally custom-craft business. Also, simple credo: Success assured by giving best value to consumer. Proceeds of Bayliner sale conservatively invested. Edson and wife now travel extensively. Maintains 105-foot yacht; pilots the several planes in his hanger; he and wife pilot their 2 helicopters. Support Boy Scouts. Net worth exceeds $475 million.

The Forbes Four Hundred

Whitney MacMillan
Cargill MacMillan
Pauline MacMillan Keinath

Inheritance. Siblings. Grandchildren of John MacMillan Sr., president of Cargill, Inc. first third of this century. Whitney: Minneapolis. 60. Married, 2 children. Graduated Yale 1951, joined family firm as vegetable oil merchant. Chairman 1977. Led company beyond grain trading: chemical coatings, pet foods, cooking oils, etc.; expanded meatpacking, steel, flour milling. Cochairman of Institute for East-West Security Studies. Member of team that wrote 1987 ISS report re: America's best response to Soviet glasnost. Their conclusion: cautious optimism. Sponsored humorist Garrison Keillor's radio show over 13 years. Cargill: Minneapolis. 62. Married, 4 children. Senior Vice President Cargill 1973, retired August 1988; director. Has served on Committee of Minneapolis Society of Fine Arts; buys occasional works. Pauline: 55. Married. Number of children not known. Residence unknown. Not active in company. Share 25% Cargill stock, worth at least $1.4 billion.

W. Duncan MacMillan
John Hugh MacMillan III
Marion MacMillan Pictet

Inheritance. Brothers, sister. Children of John MacMillan Jr., who was in charge of family grain-trading company Cargill, Inc. from 1936 until his death in 1960. John Sr. became president on death of father-in-law William W. Cargill 1909, after successful struggle with William's son. Duncan: Wayzata, Minn. 59. Married, 4 children. Cargill director, vice chairman of Waycrosse, Inc., family's private investment firm. Bought smallish National City Bank of Ridgedale. Hugh: Hillsboro Beach, Fla. 61. At least 3 marriages, 9 children. Marion (Mrs. Pictet): Geneva, Switzerland. 56. Divorced, remarried; 2 children. She spends most of her time outside the U.S. The three share their branch's 25% of Cargill, worth at least $1.4 billion. *(See Cargill/MacMillan family; also other Cargills, MacMillans, Keinath.)*

UPI/Bettmann

The hazards of great wealth. A letter bomb addressed to J.P. Morgan Jr., in 1919. One of 22 bombs mailed at one time to the rich and powerful, it was only because the perpetrators sent them parcel post, not first class, that the plot was uncovered by postal clerk Charles Kaplan (inset).

Alice Sheets Marriott
John Willard Marriott Jr.
Richard Edwin Marriott

Mother, 2 sons. Family of J. Willard Marriott Sr., entrepreneurial wizard behind Marriott Corp. Paid college tuition by selling underwear. With wife Alice opened 9-seat root beer stand in D.C. 1927: "The Hot Shoppe." Brought drive-ins to the east, started chain. Pioneered airline catering business 1937. Cautious: "A pioneer is a guy with an arrow in his back and his face in the mud." First hotel launched 1957—today nearly 500. Also Roy Rogers, Big Boy restaurants, airport gift shops. Bought Host International 1982, Howard Johnson 1985; successors acquired Saga Corp. (food service) 1986. ("Bill" Sr. d. 1985.) Alice: Widow. Wash., D.C. 82. VP and director; restaurant chain, "Allie's," named for her; 600 units planned in next 5 years. Richard: Potomac, Md. 50. Married, 4 daughters. Vice chairman, handles government relations and family broadcast interests (11 radio stations sold 1987 for est. $150 million). J. Willard (Bill) Jr.: Chevy Chase, Md. 57. Married, 4 children. Cooked french fries at co. restaurant. Spent 2 years on aircraft carrier, USS *Randolph*, ran mess operations. Now chrmn., pres. 1988 revenues $7.3 billion. Family's Marriott Corp. stock, etc., worth at least $1.4 billion.

Henry John Heinz III

H.J. Heinz Co. 51. Fox Chapel, Pa.; Washington, D.C. Married, 3 children. Yale 1960, Harvard M.B.A. Great-grandfather H.J. Heinz, door-to-door horseradish salesman Sharpsburg, Pa. 1869. To England with pickles 1886, cornered U.K. market. From 1888 built U.S. ketchup-and-soup powerhouse that later added Weight Watchers, Star-Kist, Bumble Bee, Ore-Ida, Nine Lives cat food. 1988 sales, $5.2 billion. H.J. II (d. 1987) funneled $300 million to charities (education, culture, health, wildlife preservation, urban renewal, nutrition). H.J. III reelected to third Senate term 1988 ((R–Pa.); known on Hill as athlete (skiing, tennis). His Heinz stock, etc. worth $460 million.

James LeVoy Sorenson

Medical devices. Salt Lake City. 68. Married, 8 children, all professionals (2 M.B.A.s, 2 C.P.A.s, 2 lawyers, 1 doctor, 1 exercise physiologist).

H. L. Hunt believed in health food. It must have worked for him: He lived to be 85 and had fifteen children by three wives. Some of those children have hung on to their shares of the fortune, others have squandered theirs.

Turned down medical school for Mormon missionary work in New England 1942: "An excellent thing for a young man to be doing." Salesman for Upjohn; staked uranium claims, then sold to stock promoters for big profits: "I was playing the fever." Developed first disposable catheter 1960. Started lingerie co., then Sorenson Research 1972, turning out series of patented medical devices. Sold out to Abbott Labs in cash crunch 1980. Stock, new companies worth $460 million. "Two people can do anything, as long as one is the Lord."

Saul Phillip Steinberg

Finance. NYC. 50. Twice divorced, remarried; 6 children. Brooklyn-born son of rubber manufacturer, read financial page for fun, Wharton grad at 19. Founded computer leasing firm with father's $25,000 1961, took high-flying Leasco public 1965. Bought control Reliance Insurance 1968; failed run at Chemical Bank 1969; earned fame as enfant terrible. Took Reliance private 1982 for $550 million; public again 1986. Underwriting losses balanced by sharp investments (Days Inns, Telemundo), greenmail (Disney, etc.). Has UAL holding. Personally owns 61% Reliance stock, he and relatives draw generous compensation; sizable art collection featuring Old Masters. Believed worth over $460 million.

Richard Allen Smith

General Cinema Corp., Chestnut Hill, Mass. 64. Married, 3 children. Father Philip founded co. 1922, opened first drive-in theater 1935. Richard joined 1946 after Harvard. Took over when father died 1961. Built GNC to over 1,450 screens and 320 locations nationwide. Sold bottling business 1989, the largest independent Pepsi-Cola bottler, for $1.77 billion in cash—$850 million profit. Smith: GNC has "probably divested more things than we've invested in." Company still owns 60% Neiman Marcus Group (44% voting power), about 17% Cadbury Schweppes. Philanthropist, golfer, tennis player, "a private man who has no ego need for publicity." His stock worth $460 million.

George L. Lindemann ★

Cable TV, cellular phones. NYC; Greenwich, Conn.; Palm Beach, Fla. 53. Married, 3 children. Graduated Wharton 1958, into family cosmetics business. Formed drug co., sold to Cooper Labs for $75 million 1971. Plunged into cable with no prior expertise: "I owned a TV set." Gobbled up franchises N.J., Pa., Fla., etc.; sold to Newhouses *(which see)* for $260 million 1981, kept mobile radio. With Bass brothers *(which see)* formed limited partnership, Metro Mobile CTS; took public 1986. Initial investment $4 million; now almost 75% total estimated net worth $460 million. "I've never been in business where anybody understood what I was doing, and by the time they understood it I think I had left."

Norton Clapp

Inheritance. Seattle. 83. Twice divorced, widowed, remarried; 6 sons (3 deceased), 5 stepchildren. Grandfather Matthew G. Norton founded lumber co. with brother, Laird family; early Weyerhaeuser investors. Father married, in succession, both Norton daughters; Norton principal heir, was largest Weyerhaeuser shareholder. Law degree 1928; enlisted Navy 1942. President Weyerhaeuser 1960-66; chairman to 1976. Still chairman Laird Norton Co. (lumber supplies). Stepson Booth Gardner Washington governor. Regarded as reclusive Northwest power; controls real estate, lumber, etc. worth some $450 million; shares trusts worth over $800 million with numerous relatives.

Malcolm Austin Borg

Publishing. TV. Englewood and Spring Lake, N.J. 51. Married, 3 children. Wall St. broker grandfather bought into Bergen Cty. (N.J.) *Record* 1922; wholly owned 1930. From small country daily to suburban powerhouse (Sunday circ. 230,000; wildly profitable); Malcolm took over 1971, brother sold out amicably 1982. Macromedia Inc. now also 4 TV stations, Woodbridge (N.J.) *News-Tribune* (circ. 55,000). Keeps 10 TV sets at home (kids, seeing this in 1987 listing, bought him first VCR). Son John, 27, CEO for the *Hongkong Standard*. Malcolm: "People may consider me fat, dumb, lazy—and happy." Especially happy: controls fortune over $450 million.

Carl Clement Landegger
George Francis Landegger

NYC, Connecticut. Sons of Austrian industrialist who purchased paper mill 1920s. Escaped Hitler 1938, to U.S 1940 with approximately $40,000. Bought small pulp trading firm, Parsons & Whittemore, now leading builder pulp and paper mills worldwide: in 64 developing and communist countries. Sons own company since father's death 1976. Also Black Clawson, paper machinery manufacturer, 1988 sales $200 million. Carl: 59; divorced, remarried; 2 of 6 children in business. Directs U.S. operations, Black Clawson. Attributes company success to luck. Marathon runner; archeologist, discovered pre-Columbian cities, earliest New World shipwreck (16th-century, Bermuda): "All the places I used to go they now shoot you." George, 51; divorced, remarried; 5 children. Runs North American and overseas operations. Their combined net worth is believed to be more than $900 million.

Jon M. Huntsman ★

Plastics. Salt Lake City. 52. Married. 9 children. M.B.A. USC; also Wharton grad. Navy. HEW 1970; aide to Nixon; Utah chairman Reagan, Bush campaigns. Worked for LA plastic egg-carton maker 1960s. Went on own 1970, bought styrene plant. Capitalized on industry weakness early 1980s: Bought superaggressively on leverage; total worldwide capacity now 3.1 billion lbs. Also 325-million-lb. polypropylene. Huntsman getting estimated 10 cents/lb. and more over cost; that's at least $135 million positive cash flow. Industry thriving last two years; now softening a bit. 60% Huntsman Chemical, 100% Huntsman Polypropylene, etc., worth over $450 million.

Robert William Galvin

Motorola. Barrington Hills, Ill. 67. Married, 4 children. Father Paul founded Galvin Mfg. Co. 1928 with $565, made car radios; WWII walkie-talkies; 1947 first TV under $200; renamed Motorola. Son Robert groomed for presidency from age 12; quit Notre Dame after 2 years; started with company part time 1940, full time 1944. President 1956; chairman, CEO 1964; stepped down as CEO 1986, still chairman. Son Christopher exec. VP. Traditional products sold off; now leading manufacturer radio and data communications, some portions semiconductors, information systems, cellular phones. Instituted extensive corporate training program: "We have farther to go in terms of putting everything in place." His, family's 6% Motorola stock worth $450 million.

Robert Einar Petersen

Publishing. Beverly Hills. 63. Married. Auto mechanic's son; turned hobby into magazine. With $400 and partner, put together *Hot Rod* magazine; hawked for 25 cents at races 1947. Bought out partner 1950; Petersen Publishing now 16 monthlies *(Motor Trend, Guns & Ammo, Skin Diver)*, 9 bimonthlies. Acquired *Sport* magazine 1988. "We're a good medium for a lot of what advertising is—beer, cigarettes, cars, all those good things." First to bag polar bear with revolver

Culver

J.P. Morgan Sr. sharply telling a reporter to step back. Morgan, born rich, had no taste for publicity. The most powerful banker in the world, he liked to do business quietly. "If he had his way," Morgan complained about the reforming Theodore Roosevelt, "we'd all do business with glass pockets."

1965. "It was shoot or be fatally mangled." Pursues all activities his magazines cover: "Except for *Teen*." Worth at least $450 million.

Michael Robert Forman ★

Theaters, inheritance. 54. Bel Air, Calif. Divorced, remarried; 2 sons, daughter, all from previous marriage. Father William started drive-in empire 1940s, buying vacant land near soon-to-be-built freeway exits (land at several thousand dollars 30 years ago now up to $1 million per acre). Gradually built, bought or leased walk-in theaters around the country and world (today 300 screens, only 50 drive-ins). Michael worked for dad's Pacific Theaters 1957 after Stanford. Father died 1981. Son very private. Heavily involved in philanthropies; lets money manager Jim Cotter run his fortune, cousin Jerome run the theaters. Worth over $450 million.

Seymour Cohn

Real estate. Palm Beach County, Fla. 79. Widowed, 2 children. Great-grandparents left Germany for NYC 1860s. Started real estate business. Seymour quit Rutgers for family firm 1931. Younger brother, Sylvan Lawrence, joined 1946. First building bought for $135,000 in 1947. Sylvan's speculative purchases created short-term losses but impressive long-term gains: Bought old Port Authority Building for $26 million 1973; lost $4 million a year, began to turn 1976; now worth $250 million. Brothers controlled some 120 buildings mid-1970s; largest commercial landlord in lower Manhattan. Since Sylvan's death 1981, sold $800 million worth. Seymour's half of fortune exceeds $450 million.

Anne Burnett Marion

Inheritance. Fort Worth, NYC. 50. Divorced 3 times, remarried (to Sotheby's John Marion); 1 daughter. Great-grandfather, by legend, won Anne's 6666 Ranch in poker game. Amassed 448,000 acres in west Texas. Mother "Big Anne" married Charles Tandy, founder Tandy Corp. (Radio Shack). Wedding (her fourth) generated front-page coverage Fort Worth 1969. "They should have gotten Justice Department approval." Anne inherited 1980; diversified, enlarged fortune through oil and gas (started Burnett Oil

Co.), venture capital, art. Directs $190 million Tandy Foundation. Cultured but Old Texas: I.M. Pei-designed home, hunts quail in Jeep. Worth at least $450 million.

John William Berry Sr.

Yellow Pages. Dayton. 67. Twice divorced, remarried; 5 sons. Army WWII. Dartmouth. Son of Loren M. Berry, traveling salesman who took dreams and $200 to Dayton 1910. Courted Dayton Home Telephone Co., which let him run ad sales campaign, using one-color paper. "Mr. Yellow Pages" died 1980 at 91. John Sr. bought out siblings; expanded business. Sold L.M. Berry & Co. for estimated $335 million in BellSouth stock 1986, retired 1987. Chairman Berry Investments: holdings include hunting supply co., security device firm, etc. Son John Jr. now heads L.M. Berry, subsidiary of BellSouth. Fortune worth at least $450 million.

Joseph S. Gruss

Investments, oil. NYC. 86. Widowed; 1 son, 1 daughter. Learned finance from banker father in Poland, left country 1939 with $40,000, bought stock exchange seat. Spoke no English; frugal—used to pound on office wall to summon accountant in lieu of intercom. Formed investment house Gruss & Co.; sank profits into oil & gas from 1952 with drilling partner John Cox *(which see)*. Oil phenomenally successful. Deeply religious, donated $100 million to Jewish causes: "This is my monument." Son Martin now runs business; sold off half of oil production, plugging proceeds into stocks; many private deals. Worth over $450 million.

William Gordon Bennett
William Norman Pennington

Circus Circus. Partners. Bennett: 64, Las Vegas. Pennington: 66, Reno. Both married, 2 children each. Pennington sold gaming equipment to Bennett, who worked for Del Webb 1960s. Joined forces 1971 to distribute slot machines, buy casino with earnings. Got struggling Circus Circus 1974: theme casino with live circus acts. Cut costs, focused on middle-income "low-rollers"; entertainment for children lures parents. Don't consider selves entertainers. Bennett: "I'm strictly a businessman interested in profits, not shows." Now six properties, four are theme hotels. Seventh, to be biggest resort in world, to open next year: Excalibur (medieval theme, live jousting, slick promotion). Pennington now retired. Both selling stock to diversify. Each has fortune worth at least $445 million.

Walter Herbert Shorenstein

Real estate. San Francisco. 74. Married; 1 daughter, 1 son in business. After Air Force, hired as real estate salesman for Milton Meyer & Co. 1946. Was named partner 1951. After Meyer died, bought company outright 1960, built up. Analyst: "Shorenstein owns about one third of the office space in San Francisco." Over 4.5 million sq. ft. office space, 50% of three theaters; manages another 14.5 million sq. ft. Put up only $2 million in equity to buy $660 million Bank of America headquarters 1985. Powerful fundraiser for Democratic Party; donates millions to education. Daughter is Broadway producer *(Fences)*. Real estate, etc. worth at least $440 million.

Max Martin Fisher

Oil, investments. Detroit, NYC, Palm Beach. 81. Widowed, remarried; 5 children. Father, Russian immigrant peddler, built small refinery. Max joined 1930, got gasoline brokers to finance new refinery; "I guess I must have hoodwinked them." Developed one of Midwest's largest independents; sold to Marathon Oil 1959 for stock, tendered to U.S. Steel 1982. Invested in Irvine Ranch with Al Taubman *(which see)*, also 11.5% Sotheby's. Real vocation since oil: politics, philanthropy. Staunch supporter GOP, Israel, Detroit revitalization. Donates heavily. "I believe I have an obligation as an American citizen to make a contribution." Net worth $440 million.

William Robert Berkley

Food processing, insurance. Greenwich, Conn. 43. Married, 3 children. After father died followed stocks in estate; bought Chrysler after impressed by new president's answers to phone queries age 15. Whiz kid, managed $23 million for clients right after Harvard Business School age 23; left stocks early 1970s: "Too cumbersome managing other people's money." Began buying companies in "fragmented

Eve Arnold/Magnum

Joan Crawford at a board meeting of the Pepsi-Cola Co., shortly after the death of her husband, Chief Executive Alfred Steele. The board thought she would do as she was told. "Mommie Dearest" had other ideas.

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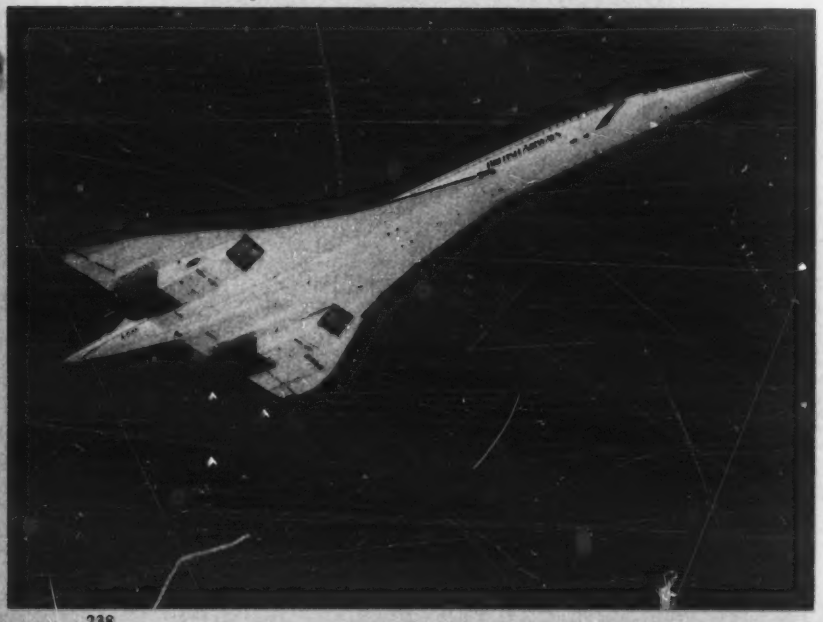

industries no one else wants": specialty insurance, food distribution and manufacture, fire extinguisher service. Shuns cyclical, trendy businesses: "In insurance, I can predict the cycles." Business, investments worth $440 million. "It's not so bad being on the FORBES list."

Bella Wexner

The Limited, Inc. Columbus, Ohio. Mid-70s. Widowed, 2 children. Mother of Leslie Wexner *(which see)*, founder of vast women's apparel empire. Bella worked as department store buyer, then opened broad-line women's clothing store, called "Leslie's," after her son, with husband Harry (d. 1975). Joined son's separate store as he began expansion nationwide as the Limited, added other chains; Bella still active, occupies peach-colored office across from her son. Director, company secretary, adviser to Leslie. Supports local charities; wary of publicity. Shares of Limited stock make her worth $440 million.

Robert Rich Sr.

Rich Products Corp. Point Abino, Ont. and Palm Beach, Fla. and Buffalo, N.Y. 76. Married, 3 children. Learned family dairy business; bought own milk co. 1935. Disliked: "Everyone had the same product to sell." Developed solitary niche: frozen soybean-based whipping cream; then evaded competition with series of innovative products, mostly internally created. Focused on nascent institutional market for security (costly promotion less important); still bulk of sales. Nondairy creamer 1961: led to lawsuits accusing company of imitation and inferiority in 40 states; vindicated in court by product "superiority." Company owns AAA baseball's Buffalo Bisons; wants to go major. Rich Products worth at least $440 million.

Claude Bernard Pennington

Oil & gas. Baton Rouge, La. 89. Married, 1 son (killed in oil rig accident 1958). Father was eye and ear doctor. Joined father's clinic 1925. Born the year after state's first oil strike; turned to oilfields after father's death. Endured dry holes in Tuscaloosa Trend; first big gushers 1952. Attitude: "I just sort of expected them." Late Seventies, with deep drilling, nation's major oil companies flocked to field. "Doc"

has interest in at least 100 wells in 7 states, also over $100 million in local banks. Donated over $125 million (in oil, stocks, bonds) to create Pennington Biomedical Research Center at LSU. Net worth believed to exceed $430 million.

Stanley Irving Stahl

Real estate. NYC. 65. Divorced, remarried; 1 son, 2 stepchildren. Real estate broker 1947. With commissions, bought first Manhattan apt. bldg. 1948 "the usual way: I saved." Gambled everything 1962: built 1.76-million-sq.-ft. office tower at 277 Park Ave. Now Chemical Bank Building, worth minimum $170 million. Expanded since: Not cooping his 2,800 Manhattan apts.: "I think it's too much of a hassle." Won 1977 court ruling denying apt. leases to "intelligent" persons—i.e., would-be tenants who know how to manipulate extremely complex NYC rent-control, lease law. Also has pieces 6 other NYC office bldgs. Net worth estimated over $430 million.

Leonard Samuel Skaggs Jr.

American Stores Co. Salt Lake City. 66. Married, 4 children. Transformed handful of drugstores, supermarkets into billion-dollar company. Grandfather opened Skaggs Cash Store, Idaho 1915. Six sons all known by initials (O.P., M.G., L.L., L.J., S.A., L.S.) took over, expanded into Safeway chain. Payless Drug Stores bought by L.S. Sr. 1939. L.S. Jr. joined at age 14, took over in 1950. Pioneered drug/grocery store combination with Joe Albertson *(which see)* 1970, a huge success. Amicable split 1977; American Stores now $18.5 billion sales. Purchased Jewel Cos. for $1.1 billion, Lucky Stores for $2.5 billion. "Sam" shuns publicity. Worth estimated at least $430 million.

Samuel Zell
Robert Harris Lurie

Partners. Real estate, investments. Chicago. Started investing in Ann Arbor real estate as U. of Michigan fraternity brothers. In early 1970s made big bucks turning around real estate investment trusts. Bought Sunbelt, then rust belt properties; rehabbed for fraction of new construction cost; sold some for big gains; bought more. Now do same with troubled companies—e.g., Itel. With controlling interest, raised Itel revenues from $100 million 1985 to $1.7 billion 1988, recently added Signal Capital (Itel now nation's largest railcar lessor), equity stakes in Santa Fe Southern Pacific and Great American Management & Investment. Sam: "We're in the value enhancement business." Sam, self-described "grave dancer": 47. Married, 3 children. Unorthodox, flamboyant, prefers denim to pinstripes. Robert: 47. Married, 6 children. Hates being called a "Woody Allen lookalike," shuns publicity. Bob crunches the numbers, Sam does deals: "I'm gonna be a postman next year. I spend my whole life putting letters in boxes." Share empire worth over $850 million.

UPI Bettmann

Walt Disney, a month after Pearl Harbor, submitting his design for a Mickey Mouse gas mask to be used, if necessary, by children. The gas mask, of course, was part of the war effort and not for profit, but Disney was the first person to turn a great artistic imagination into a great fortune.

Larry Abraham Silverstein

Real estate. NYC. 56. Married, 3 children. Father Harry NYC real estate broker, investor specialized in leasing loft space; Larry, now ex-brother-in-law Bernie Mendik *(which see)*, joined 1950s, pushed into property syndication. "If we stayed in the brokerage business, we were going to starve to death." Split with Bernie 1977, bought NYC office space; controls over 10 million sq. ft. Built $300 million, 2 million sq. ft. 7 World Trade Center 1986: "Our timing was absolutely perfect." Maybe, but took over 2 years to sign anchor tenant: finally, 1 million sq. ft. to Salomon Bros. Revamping old Herald Square Gimbels with Mel Simon *(which see)*. Net worth at least $420 million.

Paul Milstein
Seymour Milstein

Brothers. Real estate, investments. NYC and Scarsdale, N.Y. Seymour: 69. Married, 2 children. Paul: 67. Married, 4 children. Father Morris (d. 1972) founded Circle Floor Co. 1919; floored NYC landmarks: Rockefeller Center, United Nations, Lincoln Center. Paul dropped out of NYU to join army WWII, later headed Circle; Seymour president Mastic Tile Co., manufacturer of vinyl floor tiles; both sold. Paul led plunge into development with 684-unit Dorchester Towers apts., opened 1964 in midst of glut; Milsteins persevered, prospered. Now own NYC hotels, office space, plus residential. Paul: "Real estate is a

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U Pl Bettmann

H. M. Warner, of Warner Bros., with his daughter Betty, arriving in New York from Europe, Aug. 5, 1930. In the 1920s Hollywood moguls and stars replaced New York social lions and businessmen as the nation's leading source of gossip, scandal and tales of limitless wealth and spending.

hobby with me." Took over United Brands 1975; ran firm together, then sold for $40 million profit in 1984. Picked up distressed Emigrant Savings Bank 1986. Caused apoplexy in preservationists by razing landmark Palm Court lobby in Biltmore Hotel. Building low-income housing with NYC for limited profit. Share fortune amounting to $840 million. Paul: "It only takes two seconds to make a decision if you know your work."

Howard Butcher Hillman ★
Tatnall Lea Hillman ★

Inheritance. Adopted sons of John Hartwell Hillman, stepbrothers of Henry *(which see)*. John H. "Hart" took over father's coal, iron ore brokerage; expanded into ownership of coal mines, blast furnaces; then banking, real estate, etc. Looked for underlying value, created Pittsburgh's second great industrial empire after Mellons during robber baron era. Worked in shirtsleeves, derby hat. When Henry's mother died, married Dora Keen Butcher (d. 1982), adopted her two sons. Left them a third of Hillman Co. Howard: Greenwich, Conn. 55. Married, 2 children. Majored economics, Princeton 1956. Navy. Harvard M.B.A. 1960. Stint at Chemical Bank, NYC. Venture capitalist, other investments through Taconic Group. Tatnall: Radnor, Pa. 51. Divorced, 4 children. Majored biology, Princeton 1959. Navy. Taught science Princeton Day School mid-1960s; now self-employed computer programmer/analyst. Concerned with nation's defense; supports conservative candidates. Very low profile. Brothers' share of Hillman fortune estimated some $840 million.

Guilford Glazer

Real estate. Beverly Hills. 68. Divorced, remarried; 2 children. Worked in father's welding shop Knoxville, Tenn.; studied metallurgy and engineering in college. After Navy WWII, helped transform father's business into large structural steel plant. Then built apt. building for widowed mother; first shopping center in Oak Ridge, Tenn. 1954; sold for around $41 million 1989. After dispute with brothers over apts., headed to southern California for climate: "Every day is like a vacation here." Went back to work: Opened LA's Del Amo Fashion Center 1971; now nation's largest mall. Guil known for attention to details. Works with Soviets on Jewish emigration. Equity in properties estimated at $420 million.

James Lawrence Walton

Wal-Mart Stores. Bentonville, Ark. 67. Divorced, 2 daughters. Operated small five-and-ten store in Missouri. Joined older brother Sam *(which see)*, whose merchandising concept, large discount stores in rural towns, took off. Brothers expanded to 16 stores in 10 years, became Wal-Mart 1962. Mastered logistics of supplying, managing large chain: now over 1,300 Wal-Mart stores, 1989 sales $20.6 billion. James (Bud) low profile, quiet, ran real estate. Now senior VP gone fishin'; prefers solitude of fisherman's boat in Venezuela, Alaska, etc. to Bentonville headquarters. His 10.3 million shares Wal-Mart worth about $415 million.

John G. Rangos Sr. ★

Solid waste. Pittsburgh. 58. Married, 2 children. Chambers Development fastest-growing in garbage industry: estimated 1989 sales $190

million, versus 1980 sales of $4.4 million. Small builder landfills, garbage hauler, Rangos used shrewd management, modern methods to cut haulage charges. Anticipated landfill shortages, bought up many cheap; found ways to meet tough environmental standards. Builds white-hat image in notoriously corrupt industry to boost business: sales up sixfold, shares quadrupled since 1986. Archon (highest lay office) in Greek Orthodox Church. Rangos, sons John Jr. (VP operations), Alexander (VP corporate development) run company, own stock worth $415 million.

Robert Alfred Lurie

Real estate, inheritance. SF. 60. Divorced, remarried; 6 children. Son of Louis R. Lurie, flamboyant real estate, entertainment mogul who purchased $1,000 printing firm at 14 in Pacific Northwest. Built 300 buildings Chicago, SF; financed Broadway hits: *South Pacific, West Side Story, Fiddler on the Roof*; d. 1972. Son Robert, introverted, press-shy, inherited empire. Conservative caretaker: shuns debt and acquisitions. Real love: San Francisco (baseball) Giants; owner since 1976. "More interesting and challenging than making real estate deals." New stadium proposal awaits November voter approval. SF, Chicago real estate, other assets worth at least $415 million.

Roy Michael Huffington

Oil. Houston. 71. Married, 2 children. Father killed during oil exploration cruise through South America. After geology Ph.D. from Harvard, landed job exploring oil for Humble Oil (now part of Exxon); formed Huffco 1956. "I had excellent training." Skills proved valuable after realizing oil-producing potential of Indonesia area that resembled Gulf of Mexico; major gusher 1972 (had partners, but held 17%). "One has to have an entrepreneurial bent." Has sold $100 million worth of oil companies to date. Both children in business; daughter is VP; son married to controversial Picasso biographer Arianna Stassinopoulos. Worth at least $410 million.

Patrick Joseph McGovern

Publishing. Nashua, N.H. 51. Divorced, remarried; 4 children. Earned MIT scholarship building unbeatable tic-tac-toe machine. Founded International Data Group 1964 to provide market research to computer makers. Started *Computerworld* newspaper to deliver information on computer user habits 1967; now produces over 120 computer publications in 40 countries. CW still almost 35% projected 1989 total IDG sales. Once preeminent, cash-strapped IDG's market share now second to Ziff. Amiable Pat says computers can promote world peace by increasing information flow. 25% of stock now owned by employees. Pat's net worth estimated at least $410 million.

Marshall Naify
Robert Allen Naify

Brothers. San Francisco. Movie theaters, cable TV. Lebanese immigrant father began in Atlantic City movie theater 1912, moved to California, founded United Theater chain 1920s. Half acquired by United Artists theater circuit 1950. Sons began as ushers, projectionists. Rest acquired 1963, but Naify boys took control. Also pioneered cable systems 1950s. Decentralized company. Sold out to Tele-Communications Inc. 1986 for rights to 14 million shares, $150 million cash. Marshall: 69. Married, 3 children. Works at home in jogging gear, described as "oddball." Quit as chairman 1978, returned 1982. Robert: 67. Married, 6 children. Reclusive, ran daily affairs; now TCI senior VP. Both own stake in Todd-AO postproduction co. Share TCI, Todd-AO stock recently worth $820 million.

Oakleigh Blakeman Thorne

Commerce Clearing House. Millbrook, N.Y. 57. Divorced, remarried; 3 sons, 1 daughter. Prudent namesake great-grandfather bought Commerce Clearing House 1907, six years before federal income tax law. Company became largest publisher updatable tax guides for law, accounting, government professionals: Internal Revenue Service chief subscriber. Current Oakleigh not directly involved in management: Visits Riverwoods, Ill. office once a month. Oldest son, VP, oversees Thorne's four other companies out of NYC offices, aspires to CEO. Chairman Thorne lives at family's 200-year-old, 600-acre farm "Thorndale," upstate N.Y., raises Thoroughbreds, orchids. Fortune over $405 million.

(P.L.Bettmann)

Richard C. Du Pont, of the innumerable Delaware clan, after setting altitude and distance records for gliders in 1930. He would die in a glider crash in World War II, aged 32.

UPI Bettmann

Conrad Hilton setting off to open the Istanbul Hilton with a bevy of Hollywood celebrities, 1955. Along with columnists Louella Parsons (second from left) and Hedda Hopper (second from right) are Merle Oberon, Irene Dunne, Ann Miller and Sonja Henie.

Alfred James Clark

Construction, real estate. Easton, Md. 61. Married, 3 children. Virginia-born; couldn't afford Cornell tuition; studied engineering U. of Maryland. Field engineer Hyman Construction 1950 (revenues then $3.5 million), CEO 1969. Spun off Omni Construction 1977. Both now part of Clark Construction Group, 3rd-largest U.S. general-building contractor, $1.13 billion in new contracts 1988. "The King of Concrete" preeminent D.C. builder: L'Enfant Plaza, National Museum of Natural History, Four Seasons Hotel, many projects with Oliver Carr *(which see)*. Rises 5 a.m., exercises 2 hours; helicopters to work. Silent partner many D.C. buildings. With stocks, real estate, net worth believed to far exceed $400 million.

Cyril Wagner Jr.
Jack Eugene Brown

Partners. Oil, investments. Midland, Tex. Began Wagner & Brown Oil Properties 1962 with handshake. "We just complement each other." Built up rich oil holdings Tex., N.M., La., Mich., Rockies; diversified into real estate, plastics, etc. Cy: 55. Divorced, remarried; 5 children. Born Tulsa; geologist out of U. of Oklahoma; the dealer. Jack: 64. Married, 3 children. Native Texan; engineer out of Texas A&M. "Brown knows a good deal when he sees it. Wagner knows how to sell it." Entered takeover game with T. Boone Pickens in 1984 failed Gulf bid, made $70 million; also Pickens' runs for Unocal, Phillips Petroleum. Went on alone as Desert Partners 1984, string of defeats: Midcon 1985; Lear Siegler 1986, GenCorp 1987; USG Corp. after Black Monday. Recently bought Insilco Corp., industrial conglomerate; moved HQ to Midland. Together, Cy and Jack share fortune still estimated over $800 million, and successful at last.

Dennis Washington ★

Entrepreneur. Missoula, Mont.; Sun Valley, Idaho. 54. Married, 2 sons. Got loan from local Caterpillar dealer 1964, launched construction business same year he married. First job won: visitor center in Glacier National Park. Soon Montana's largest contractor. Saw closed Anaconda Copper Mine; stole for song and about $20 million 1986 from Arco. Copper took off. Sold 49.9% in 1989 to Asarco for $125 million. Similar play with Montana Rail Link bought from Burlington Northern; profits about $33 million a year pretax. Also over 55,000 acres of land; horses; 142-foot yacht; Gulfstream jets. Net worth over $400 million. "I think I'm worth more than that, but whatever. . . ."

Mortimer Benjamin Zuckerman

Real estate. NYC; Washington, D.C. Single. 52. Born Montreal, son of tobacco, candy wholesaler; Wharton M.B.A., two law degrees (including Harvard): "I was in the fog of youth for a long time." Joined Cabot, Cabot & Forbes 1962; left with $5 million 1970 to form Boston Properties with Ed Linde. Built midline warehouse, office space 1970s Boston, D.C. Now over 10 million sq. ft., also in NYC (scaling back planned controversial Columbus Circle project). Enjoys publisher's prestige: bought *Atlantic* 1980; *U.S. News & World Report* (with real estate) 1984. "When I take a shower in the morning, I'm thinking of *U.S. News*." Softball nut. Net worth: $400 million or more. "My tendency is to go for it."

Jerome Spiegel Kohlberg Jr.
Henry R. Kravis
George R. Roberts

Partners. LBOs. Three dealmakers left Bear, Stearns 1976 to prowl for undervalued companies, junk bond leverage on minuscule equity. Stunned Wall Street repeatedly: first major buyout (Houdaille Industries, $370 million, 1979), first $1 billion deal (Wometco 1984), largest LBO ever (RJR Nabisco, $26.4 billion, 1989). Total purchase price over 36 deals to date: $62 billion. Firm collects at least 1% investment banking fee, 20% of all profits on LBOs, 1.5% management fee on KKR investor funds ($8.8 billion). A few chinks in armor since Kohlberg's departure 1987: Seaman Furniture skipped debt payment; Beatrice, Jim Walter not as profitable as planned. But for KKR, not to worry: may lose some equity in failures, but not fees. Jerry: Mount Kisco, N.Y. 64. Married, 4 children. New York-born lawyer, Harvard M.B.A. "Patriarch" left group 1987

for own firm. No hostile takeovers, more equity in deals, "reason should prevail." Still KKR limited partner. Henry: NYC. 45. Divorced, remarried; 3 children. Son of Tulsa oil geologist. High profile: eats up NYC social scene with new wife, Caroline Roehm (Henry on Met, ballet boards). George: San Francisco. 46. Married, 3 children. Henry's first cousin. Hates NYC, runs SF office with brother-in-law Robert MacDonnell. After allowing for lesser partners, three men split estimated $1.1 billion.

Lawrence Fisher
Zachary Fisher

Brothers. Real estate. NYC. Larry: 79. Zachary: 78. Both married, 1 child each. Father Carl, from Russia 1903, began building family real estate empire; Larry and Zach, as teenagers, bought small bank building Philadelphia 1926. Built apts. in Queens 1930s-40s; stepped up to Manhattan office towers 1960s. Willing to wait years to get the perfect location; now, over 7 million sq. ft. Manhattan space including Burlington House, Burroughs building, Park Ave. Plaza. Larry: "We're very cash leveraged." Spare cash earned share of $30 million greenmail profits from Saul Steinberg's *(which see)* run on Disney; accumulated large CBS block, considered bid 1985; made tender offer for Emhart Corp. with Gordon Getty *(which see)* 1989 (lost out to Black & Decker). Larry N.Y. Yankees fanatic; Zach, ultrapatriotic, bankrolled conversion of WWII aircraft carrier *Intrepid* into floating NYC museum; boat wound up in Chapter 11 after systematic employee rip-off. Brothers share $800 million.

Burton Paul Resnick

Real estate. NYC and Rye, N.Y. 52. Married, 3 children. Father Jack started small Bronx construction firm 1928; built in Manhattan early 1950s. Burt joined Jack Resnick & Sons after U. of Chicago 1956; developed residential projects, bought older NYC buildings after 1970s real estate crash. Company now controls some 5 million sq. ft. NYC office space, thousands of Miami/Palm Beach, New York-area apartments; all managed in-house: "No one can take better care of them than us." Some early projects with Arthur Belfer *(which see)*. Two recent NYC office/residential projects "virtually fully leased." Jack now retired and ailing. Burt runs show worth at least $400 million.

Harry Howard Hoiles
Mary Jane Hoiles Hardie

Publishing. Brother and sister. Children of Raymond C. Hoiles (d. 1970), $2/week printer's assistant who got ahead, bought *Bucyrus* (Ohio) *Telegraph-Forum* 1927, *Santa Ana Register* 1935. Freedom Newspapers grew into 29 dailies, 3 weeklies, 5 TV stations. Chose company name "because freedom will live forever, and the Hoiles name will be forgotten in a short time." Spread libertarian philosophy: opposed taxes, public schools, etc.; escaped two bombing attempts. Three children inherited, son Clarence headed company until 1981; death led to family dispute. Harry: Santa Ana. Calif. 73. Married, 3 children. Longtime publisher *Colorado Springs Gazette Telegraph*; sued for control 1982, offered to buy outright for $1.01 billion 1985. Mary Jane: Marysville, Calif. 67. Married, 4 children. Harry still fighting, but Freedom Chairman Robert Hardie (Mary Jane's husband), Clarence's heirs unwilling to split up chain. Each branch holds one-third; combined worth at least $1.2 billion. "Nobody can hate each other the way a family can."

Culver

Mr. and Mrs. Andrew Carnegie. Carnegie, in 1889, wrote that "The man who dies . . . rich dies disgraced." By the time he himself died, thirty years later, he had given away 99.5% of the nearly $400 million fortune he had created in the American steel industry.

John Richard Simplot

Meat and potatoes. Boise, Idaho. 80. Divorced, remarried; 4 children. Quarreled with dad, quit 8th grade; lived in boarding house. Saved money to invest in hogs age 17, shot wild horses to feed his pigs. Sold dehydrated potatoes and onions to government WWII. Simplot Co. scientist invented process for freezing cut spuds in 1950s; scored by supplying fries to McDonald's 1960s. Became one of biggest potato producers in U.S. Now diversified agribusiness with frozen vegetables, fertilizer, cattle; newest innovation: microwave foods featuring milkshakes. Financed semiconductor maker Micron Technology 1978. Impulsive, risk-taking Jack est. worth $400 million.

John Charles Haas
Fritz Otto Haas

Brothers. Rohm & Haas Co. Business started 1909 on arrival of Otto Haas in U.S. with leather tanning agent replacing dog manure. Popular product. Partner Otto Rohm remained in Germany. WWI raised suspicion of German ties; Rohm's U.S. stake seized. Haas took co. public 1949; international business boomed 1950s. Haas died 2 days after retiring, 1960, age 87. Co. diversified into fibers, pharmaceuticals under sons F. Otto and John. F. Otto retired as pres. 1970; appointed nonfamily executive to top job. John: Villanova, Pa. 71. Married, 5 children. Left board 1988. Member, Business Executives for Arms Control. F. Otto: Ambler, Pa. 74. Widowed, remarried; 3 sons. Brothers', family holdings Rohm & Haas worth at least $800 million.

August Christopher Meyer

Broadcasting. Champaign, Ill. 88. Widowed, 1 son in business. Successful lawyer in hometown Champaign. Entered TV business by default: invested in local TV station 1953. "We started out losing a lot of money. I had to get more involved than I had intended to." Eventually acquired. Bought San Diego TV station 1964 for $11 million; now worth $200 million. Midwest Television owns 4 TV, 4 radio stations, almost debt-free. Chairman of family-controlled Bank of Illinois (assets over $200 million) since 1962. Son August Jr. (Chris) running stations since 1976, but August Sr. still active chairman. Net worth, with family, at least $400 million.

Steven Paul Jobs

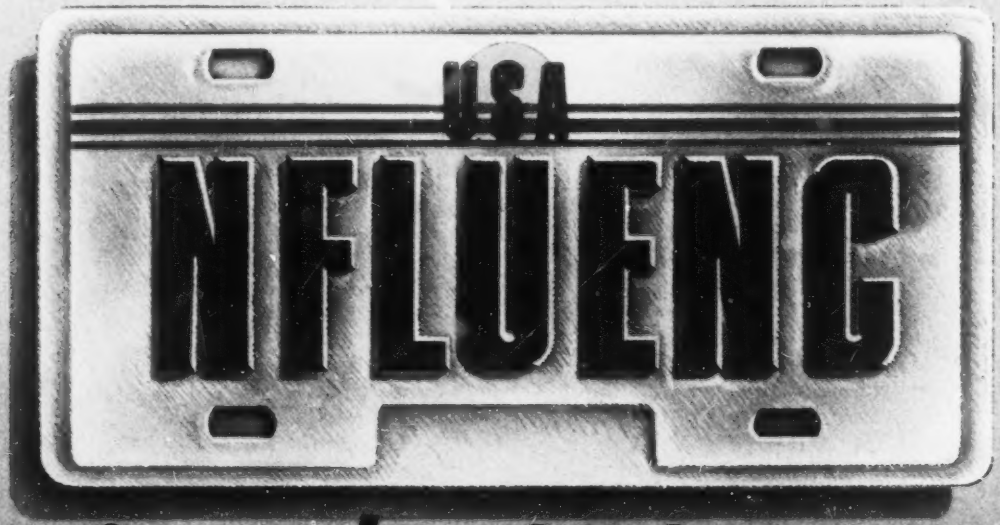
Computers. Woodside, Calif. 34. Single, 1 daughter. Left college to travel, brief stint Atari. Returned U.S. 1974, looked up friend Steve Wozniak, designer Apple I. Woz and Jobs designed Apple II for consumers, formed Apple Computer Inc. 1976. Launched new industry. Macintosh 1984 aimed at upstart IBM PC. Brought John Scully from PepsiCo as CEO; fight for control; Jobs lost, quit 1985. Next came Next, company to build, market "scholar's workstation" (personal computer that can simulate a recombinant DNA wet lab; recreate sound of an entire orchestra, etc.). Canon, Inc. put up $100 million for 16.7%. If Canon's right, Jobs, with approximately 50%, Apple profits, worth at least $400 million.

AP/Wide World

Truman Capote was not very rich himself, but he had lots of friends who were, at least until he spilled all those beans in his last novel, Answered Prayers. *Here he is with Katharine Graham, publisher of the* Washington Post, *at the famous black-and-white ball he gave in New York in 1966.*

Nelson Peltz ★

Leveraged buyouts. Palm Beach; Bedford, N.Y. 47. Divorced, remarried; 4 children. Wharton dropout, built up family food distribution business, sold for $8 million profit. With accountant Peter May formed consulting firm. Met Mike Milken through friend Saul Steinberg 1979 *(see both)*; built empire on junk debt: Triangle Industries 1983; National Can 1985 in Victor Posner *(which see)* bailout; American Can Packaging 1986; Uniroyal chemical operation 1986; also internal expansion;



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JOURNAL

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total, $6 billion sales. Peltz: "high liver," flamboyant. May: detail man, tempers Peltz. At year-end 1988 sold Triangle to Pechiney S.A. (France). Peltz's personal profit at least $388 million; net worth over $400 million.

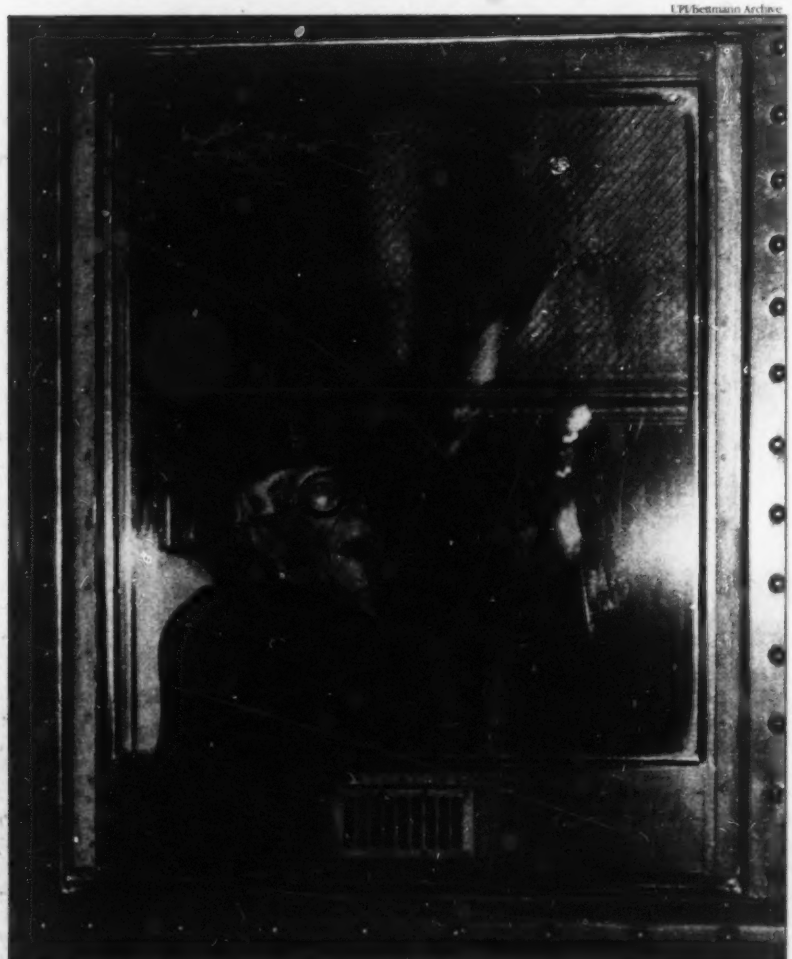
James Emmett Evans

Citrus. Dade City, Fla. and Highlands, N.C. 89. Widowed, remarried, divorced; 1 son, 1 daughter. Former Georgia Ford salesman drove to Florida in his Model T with $500. Purchased first orange grove mid-1920s. Now one of largest independent growers with 32,000 acres: 60% oranges, 40% grapefruit. Still hard at work: "I'm not old enough to retire." Both children involved in business. Daily gin rummy game with same card-playing pals for 40 years. Known as "The Wheel" because of his love for wheeling and dealing. Proud to be member of The Forbes Four Hundred: "I enjoy it." Net worth over $400 million.

Theodore Nathan Lerner

Real estate. Chevy Chase, Md. and Palm Springs. 63. Married, 3 children. Father emigrated from Palestine, mother from Europe. After army, law school, Ted sold real estate, then built suburban subdivisions; started with $250. When Lerner was 32, Isador Gudelsky, local landowner, road paver, now dead, took him in to codevelop 1 million sq. ft. D.C. mall. Added more malls; branched into suburban, downtown offices. Owns half Washington Square building in downtown D.C. Building 5 million sq. ft. Tysons II complex McLean, Va. Good anchors: Macy's, Saks; Neiman Marcus to open this month. Also 5,500 acres around Dulles airport, land in Montgomery County, Md. Net worth estimated at $400 million.

UPI/Bettmann Archive



John D. Rockefeller Sr., en route to Florida, 1935. At the turn of the century Rockefeller had been getting richer at the rate of $80 million a year and was one of the most hated men in America. By the time he was 96 his public image had much improved, thanks to a deliberate PR campaign involving the handing out of dimes to newsboys and millions to worthy causes.

Lillian Goldman

Inheritance. NYC. 67. Widowed, 4 children. Widow of Sol Goldman, billionaire NYC real estate baron, died Oct. 18, 1987. At death, owned nearly 700 NYC properties. Sol known for clenched fist, Lillian for spendthrift ways: dropped $25,000 a month on clothes, another $10,000 a month on "odds and ends." Lillian sued for divorce 1983; reconciliation agreement gave her 33% of Sol's estate. Lillian sued to void it, claimed conspiracy; lost 1987. Sol willed her 33% in trust; she's suing (again) to get cash up front. Win or lose, her share over $400 million. Also acrimonious battles with children *(see Sol Goldman family)*, several sets of lawyers: "They want me to be a bag lady."

Alfred Dreyfus Goldman

Real estate, investments. Oklahoma City. 51. Single. Father Sylvan Goldman (d. 1984) invented shopping cart to prolong women's stays in his supermarkets; built real estate empire from 1959. Son Alfred began in family business as stock boy, age 9; Wharton; CEO 1980. Began aggressive diversification Goldman Investments, Inc. Now large presence Houston, Arizona, Oklahoma City; also shopping centers, hotels, planned communities Hawaii, Puerto Rico, Colorado, etc. Debt said to be nil. Brother relinquished share company 1985. "It's the biggest game around, but learning how to win is no accident." Loves pool, car racing, polo, golf. Worth at least $400 million.

Peter Hunter/Magnum

John F. Kennedy at an American Embassy ball in London, 1937. JFK's father made fortunes in Wall Street, Hollywood and the liquor business before becoming the first head of the SEC and then Ambassador to Great Britain. The Kennedy family has been in the government business ever since.

Daniel James Terra

Lawter International. Chicago. 78. Widowed, remarried; 1 son. Son of Italian immigrant lithographer, studied chem. eng.; developed high-speed print process 1930s. Borrowed $2,500 to found Lawter, specialty chemical firm with new ideas for printing ink 1940: "Let's say we weren't setting the world on fire." Consultant's advice to delegate management sparked success 1955. Wife piqued interest in American art 1960s. Opened Terra Museum of American Art Chicago 1988. Reagan campaign finance chairman 1980; given ambassadorship-at-large for cultural affairs. Lawter, etc. worth $395 million. "Jesus, what a life I've led!"

Daniel Mauck Galbreath

Real estate. Columbus, Ohio. 61. Separated, 3 children. Father, John (d. 1988), prospered through Depression buying foreclosed properties, reselling. Later, would take land option, building blueprints, signed corporate tenant to bank as collateral to build. Daniel now manages at least 40 million sq. ft. of office space in U.S., Hong Kong; also much equity. Owns famed Darby Dan stables. Family embroiled in messy $1.56 billion lawsuit brought by descendants (who claim bundle plundered while Dorothy incapacitated) of John's late wife, Dorothy Firestone, once married to son of Harvey S. Firestone. Real estate tax audit under way. Net worth could be over $390 million—but not for tax purposes.

Ben Hill Griffin Jr.

Citrus. Avon Park, Fla. 79. Divorced, remarried; 5 children, 1 stepchild. Born in hurricane 1910; drove mules in father's orange groves age 8. Earned money in high school selling stray grapefruits; lost $1,100 on college gas station: "All I got out of it was a water bucket, a car jack and 2 or 3 wrenches." Wedding gift (10-acre grove 1933) provided start. Today owns at least 11,000 acres citrus, 85,000 acres ranchland. Through Ben Hill Griffin Inc., owns 50% of public Alico (cattle, citrus), etc. Five terms state legislature; lost 1974 governor's race (wife was running mate). "My long-range plan is being in business the next day." Stock, land, etc. worth some $390 million.

Gordon Earle Moore

Intel Corp. Santa Clara County, Calif. 60. Married, 2 children. U. of California, Berkeley. B.S. chemistry 1950. Caltech Ph.D. chemistry and physics 1954. Joined Applied Physics lab at Johns Hopkins, 1953. Later worked with William Shockley (co-inventor transistor). "Gang of Eight" cofounded Fairchild Semiconductor Corp. 1957; produced first commercial integrated circuit. With Robert Noyce cofounded Intel 1968; chairman and CEO 1979; stepped down 1987. Intel produced world's first microprocessor; still market leader in high end, several years without real competition. With that head start, 1988 revenues $2.8 billion. Moore's Intel stock worth $380 million.

William Shivers Morris III

Newspapers. Augusta, Ga. 55. Married, 3 children. Father, onetime bookkeeper Augusta *Chronicle*, became owner 1955. Expanded company, d. 1967. Eldest son Billy won family legal battle 1970, bought out rest of family. Formed Morris Communications; brother Charles formed noncompeting chain but Billy's believed more lucrative: now 12 dailies, 5 weeklies, *Quarter Horse News*. Bought Jacksonville, Fla. papers 1982, took on reported $200 million debt: "That's all speculation." Purchased one of largest billboard firms, Naegele, for estimated $300 million. Writes editorials; enjoys hunting, fishing. Son on Lubbock, Tex. paper. Estimated net worth $380 million, denied by him.

Paul B. Fireman

Reebok. Newton, Mass. 45. Married, 3 children. Former outdoor recreation equipment distributor, discovered British Reebok at trade show 1979; became U.S. licensee, later bought the company. "Paul is a marketer second to none"; discovers shifting trends, unfilled needs: athletic shoes for aerobics. Slump 1988—increased competition, market leveling off. Tried to buy New England (football) Patriots to save franchise from trouble; unsuccessful, but says he "settled a lot of their problems." "Making contribution to the world community": established award for outstanding advocates of human rights worldwide. Buying small, focused shoe firms to broaden base. Stock, etc. worth $380 million.

Donald John Tyson
Barbara Tyson

Tyson Foods. Brother, sister in-law. Tyson Feed & Hatchery founded 1947: "My family has always been farmers. That's all we know." Renamed Tyson Foods, Inc.; went public 1963. Don stepped to helm in 1967 when father and stepmother died in car crash. Growth through acquisition: built only 2 of 49 plants. Recently acquired Holly Farms, supplies supermarkets. Tyson now nation's leading poultry supplier with 23% share. Revenues (excluding Holly) estimated $2.1 billion fiscal 1989, profits $90-million-plus. All executives must wear khaki farm clothes. About his work: "It is all about having fun." Don: Springdale, Ark. 59. Married, 3 children (2 with company). Travels worldwide to fish marlin. Sister-in-law Barbara: Fayetteville, Ark. 40. Widowed (husband Randall, Don's brother, accidentally choked to death 1986). No children. Don worth over $375 million, Barbara worth over $290 million.

Allen Eugene Paulson

Gulfstream Aerospace Corp. Savannah, Ga. 67. Twice divorced, 3 sons. Left failed Iowa farm for San Francisco in Depression; worked through high school. Learned to fly in Army Air Corps WWII, then flight engineer TWA. Natural at airplane design; five aviation patents. Started numerous successful airplane-related firms from 1951; borrowed heavily to buy money-losing Gulfstream, maker luxury private planes, $52 million 1978: "I took a big gamble." Took public 1983, sold to Chrysler for total $636 million 1985; still CEO. Lost gamble on Wheeling-Pittsburgh Steel; out about $40 million. Net worth, including Thoroughbreds, real estate, still est. around $375 million.

Richard Alexander Manoogian

Masco Corp. Grosse Pointe Farms, Mich. 53. Married, 3 children. Armenian emigrant father Alex founded screw manufacturing company; went public 1936. Invented one-handled Delta faucet 1954: making of family fortune. Now chairman emeritus. Son Richard guided company through diversification into other metalworking fields. Acquired about 100 companies in early 1960s. Spun off Masco Industries (commercial products) from Masco Corp. (consumer products) 1984. Now chairman, CEO of both. "Nothing we develop is the stuff dreams are made of—they just make money." Respected art collector; over 1,000 paintings, mostly 19th-century American. Enjoys boating. Masco holdings, art and other assets valued at over $375 million.

Alfred Lerner

Banking, real estate. Shaker Heights, Ohio. 56. Married, 2 children. Grew up NYC; Columbia U., Marines. Made $75 a week selling furniture 1957: "I was just happy to be making a living." Got into small Ohio apt. deals, grew; bought 11,000 units in Maryland and Pennsylvania 1979 with partner André Meyer (Lazard Frères) for $180 million. Director small Cleveland

bank mid-1970s. "I became a student of the banking business." Bought control Equitable Bancorp. 1982; turned around. Invested $75 million Progressive Corp. (insurance) 1988. Merged Equitable with Maryland National Corp. 1989; holds 9%. With real estate, other investments, worth over $370 million.

Joseph Alexander Hardy

Building supplies. Pittsburgh. 66. Married, 5 children. Quit family jewelry store, started building supplies outlet 1952 with Ryan Homes founder Ed Ryan, 2 brothers; launched own 84 Lumber Co. 1957 with $20,000. Bare-bones operation: sells bulk from warehouse (no air conditioning/heat), mostly cash and carry. Now 358 stores, 1988 sales $860 million; plans 200 stores next decade. Free travel for volume-buying customers; college savings plan for "associates" who work 60-hour weeks. Nonfamily successor chosen. Also Pennsylvania's Nemacolin Woodlands Resort recently opened. Estimated worth over $370 million. "I don't have work hours, it all blends in."

Bernard H. Mendik

Real estate. NYC. 60. Divorced, remarried; 3 children by first wife, 1 by second. Born Scotland; raised Depression-era South Bronx, son of handyman. Bernie peddled glassware through New York Law School; with now ex-brother-in-law Larry Silverstein *(which see)* began syndicating buildings 1957. Split 1977, still partner in some buildings. Now buys, rehabs Manhattan office space. Mendik partnerships control some 12 million sq. ft. NYC office space. Also projects Connecticut, N.Y.'s Westchester County. Recently purchased 3.5 acres in Long Beach, Calif.; plans 500 condos. "It's pretty hard to do deals in NYC anymore." Regardless, Bernie worth at least $370 million.

Jack Tramiel

Atari Corp. Zephyr Cove, Nev. and Saratoga, Calif. 61. Married; 3 sons, all in business. Polish-born Kaufmann Idek Tramielski survived Auschwitz. Army, odd jobs after U.S. arrival 1947. Sold used typewriters Bronx; set up Commodore Portable Typewriter 1954. Major Canadian financial scandal sullied reputation; avoided bankruptcy with equity from investor Irving Gould. Fierce cost-cutter; Commodore became feared microcomputer power. Dispute with Gould; Tramiel out 1984. Picked up moribund Atari same year; cut staff deeply. Brutally demanding boss: "Our generals are in the trenches, so more of them get killed." Atari success puts Tramiel's wealth to $370 million.

AP/World Wide

J Paul Getty trying out a Lotus racing car at Goodwood, the Duke of Richmond's private racetrack, in 1962. Getty wasn't so generous to guests at his own English estate, Sutton Place. He installed a pay phone for their use.

Hugh Franklin Culverhouse

Real estate, banking, sports. Tampa. 70. Married, 2 children. Son of coal mining engineer; boxer at U. of Alabama—sparred with George Wallace. Became premier tax attorney in Florida after stint as IRS prosecutor; clients included Richard Nixon, Bebe Rebozo. Bought 11,500 acres prime Sarasota land, called Palmer Ranch, 1970; sold half to Coast Federal Savings & Loan for $35 million 1981; now has majority ownership in Coast Fed; ranch worth at least $110 million. Built up other real estate, banking interests in state. Owns Tampa Bay (football) Bucs; responsible for Tampa stadium hosting 1991 Super Bowl XXV; very influential among league owners. Net worth over $365 million.

Anthony Martin Pilaro

Duty Free Shoppers. Southampton, N.Y. 53. Married, 2 sons. Born NYC, U. of Virginia undergrad and law school 1960. Worked for Nassau-based Butlers Bank 1960s. Met future fugitive Robert Vesco while at Butlers; consultant to Vesco after his takeover Bernie Cornfeld's Investors Overseas Services early 1970s. Early investor with Charles Feeney *(which see)* in Duty Free Shoppers (DFS), now estimated $2.5 billion (sales) duty-free retailer. Sales up despite sharper competition (DFS recently lost bid for duty-free concession in headquarters town SF). Low profile; Swiss chalet, Southampton, NYC homes. With at least 10% of DFS, fortune believed to exceed $360 million.

John Jeffry Louis Jr.

Inheritance. Winnetka, Ill. 64. Married, 3 children. Mother, Henrietta, a Johnson of S.C. Johnson & Son

The Forbes Four Hundred

UPI/Bettmann

Ray Kroc being greeted by the mascot of his baseball team, the San Diego Padres, on his 80th birthday, 1977. In 1955 Kroc, looking for capital, was willing to sell half his stock in McDonald's for $25,000. By 1973 the company was feeding more people than the U.S. Army. Today half of McDonald's is worth about $5 billion.

(see also S.C. Johnson). Deerfield Academy; left Northwestern for Army Air Force, got wings 1945. Worked in father's ad agency before international marketing for Johnson Wax. Venture capitalist: chairman Combined Communications until 1981 merger with Gannett. Major GOP contributor; ambassador to Britain 1981. Not professional diplomat; resigned 1983. Director S.C. Johnson & Son, Gannett, Air Wisconsin, Baxter International, Ralston-Purina. Philanthropist, golfer, amateur flier. With family's 30% S.C. Johnson & Son, other holdings, fortune exceeds $360 million.

Stanley Stub Hubbard

Broadcasting. St. Mary's Point, Minn. 56. Married, 5 children. Father Stanley Eugene, 92, founded nation's first (but unsuccessful) commercial airline. Built one of Minneapolis' first radio stations 1923 (WAMD—"Where All Minneapolis Dances"), added TV 1948. Son Stanley Stub took over 1981 after Dad's stroke; Hubbard Broadcasting now 9 TV, 2 radio stations. Pioneering satellite TV: owns transponders; Conus satellite news service with 135 member stations; satellite-borne program distributor USTV. Believes subscription, pay and free satellite will supplement cable to large degree. "The best buy in communications in the next decade." Fortune, in trusts, worth at least $360 million.

Richard Louis Duchossois

Manufacturing, broadcasting, racetracks. Barrington Hills, Ill. 68. Widower; 2 daughters, 2 sons in business. After Army service WWII, joined father-in-law's small Thrall RR equipment manufacturing firm. Railroads declined, went into ordnance, etc. under umbrella Duchossois Ind. (sales now over $800 million). Also in media with 4 radio stations, 1 TV. Separately owns Hill 'N' Dale horse-breeding farm. Bought Arlington Park racetrack near Chicago 1984; it burned 1985; reopened with "ambience stepped up" 1989; also owns Quad City Downs track near Moline, Ill. Known for privacy. Net worth estimated at $360 million or more.

Arthur Bejer Belfer

Oil, real estate. NYC. 82. Widowed, remarried; 3 children, 2 stepchildren. Self-made immigrant from Poland WWII. Until 1952 made sleeping bags for Army. Discovered profits of oil & gas business—made transition: "The name of the game in business is money." Went public as Belco Petroleum Corp. 1959. Prospered in Peruvian oil, diversified into domestic natural gas—coal mining. Not so lucky in 1969 oil venture in Israel: None found. Friendly takeover 1983 by InterNorth (name since changed to Enron). "If the price is right, we'll sell." Arthur, son Robert, 54, both Enron directors. Luck or no luck, stock and NYC real estate worth at least $360 million.

Gary Campbell Comer

Lands' End. Chicago. 61. Married, 2 children. Award-winning copywriter for Young & Rubicam 1952-62. Sailing enthusiast; competed in 1968 Olympic trials. Frustrated with shopping—saw market for sailing equipment. Founded Lands' End, mail-order catalog for sailing supplies and accessories, 1963. Diversified line late 1970s: traditional and casual clothing, soft luggage. Hit it big; sailing merchandise eliminated 1977. 1988 sales $456 million. Co. features innovative catalogs, friendly operators; stresses service. Went public 1986; stock worth $360 million. "What is best for our customers is best for all of us at Lands' End."

William Arthur Fickling Jr.

Charter Medical Corp. Macon, Ga. 57. Married, 4 children. Grad cum laude Auburn; Air Force guided-missile officer. In father's real estate firm 12 years, spun off Charter Medical Corp. 1969 to run nursing homes; later hospitals. Struggled until late 1970s, when adopted niche strategy to avoid well-capitalized competitors: psychiatric care units with special emphasis on chemical dependency. Chemicals big business: now has 75 such units; also 13 general care hospitals. On argument hospitals should be sheltered from competition: "I think that theory is bunk." Led $1.65 billion LBO of Charter 1988. "It reinforces our ability to concentrate on the long term." A+ present worth estimated $355 million.

Wilton Robert Stephens
Jackson Thomas Stephens

Brothers. Investment banking. Little Rock, Ark. Witt: 82. Widowed, remarried; 3 children. Jack: 66. Divorced, remarried; 5 children. Witt hawked belt buckles and Bibles; foresaw huge profits in buying municipal bonds low, 1933, at Depression prices. Became big Arkansas politico while Jack (Annapolis roommate of Jimmy Carter) built Stephens Inc. into largest investment house off Wall Street (took public Wal-Mart, Tyson Foods; *see Walton, Tyson*). Also oil and gas, real estate, high tech (48% Systematics, Inc.), banking (31% Arkansas' second largest, Worthen Banking Corp., dealmaking with Indonesian bankers Mochtar and James T. Riady). Split into Stephens Inc. (investment banking) and Stephens Group (family interests); combined capital over $500 million. "Granddaddy of them all," Witt still works full day at office. Chairman Jack roping in foreign accounts; son Warren, 31, president and chief executive 1986. "As president, I sure don't plan any changes"—except to build national organization. Staunch Republicans. Brothers still share fortune worth $700 million.

Wells Fargo Bank

New mansions rising on Nob Hill, San Francisco, 1877. The Victorian extravaganza in the background was built for railway magnate Charles Crocker; next door is the house of David Colton, another railroad tycoon. The strange structure seemingly directly behind Colton's house was actually a 40-foot-high spite fence built by Crocker when one lot owner wouldn't sell out and give him the whole square block.

William Lyon

Real estate. Coto de Caza, Calif. 66. Widowed, remarried; 5 children. Flying lessons in high school, Air Force career: WWII pilot, Korea (17 combat decorations); eventual two-star general, Chief of Air Force Reserve (1975-79). Began building/developing with brother; William Lyon Co. founded 1954; Chairman and CEO "General" Lyon concentrated on low-cost homes for first-time buyers, mushroomed. Company number 4 on Professional Builder largest overall builders list 1988; number 1 in residential. Sideline: Bought control with George Argyros *(which see)* AirCal airline 1982; resold for profit 1986. Collects cars. Commands fortune worth over $350 million.

Irénée du Pont Jr.
Irene Sophie du Pont May
Margaretta Lammot du Pont Greenewalt
Constance Simons du Pont Darden
Eleanor Francis du Pont Rust
Mariana du Pont Silliman
Octavia Mary du Pont Bredin
Lucile Evelina du Pont Flint

Brother and sisters. Inheritance. Children of Irénée Sr. (d. 1963), president Du Pont Co. 1919-26 *(see other du Ponts, family)*. Irénée Jr.: Montchanin, Dela. 69. Married, 5 children. With Du Pont Co. 32 years, retired as senior VP 1978. Still on board, also boards of Wilmington Trust, Longwood Foundation. Oversaw merger Christiana Securities with Du Pont 1977, which effectively ended traditional family control of companies. Still a family leader. Irene Sophie (Mrs. Ernest May): Wilmington. 88. Widowed, 4 children. Margaretta Lammot (Mrs. Crawford H. Greenewalt): Greenville, Dela. 87. Married, 3 children. Husband president Du Pont 1948-62. Constance Simons (Mrs. Colgate W. Darden Jr.): Norfolk, Va. 85. Widowed, 3 children. Husband (d. 1981) governor of Virginia 1942-46. Eleanor Francis (Mrs. Philip Gordon Rust): Thomasville, Ga. 82. Married, 4 children. Mariana (Mrs. Henry Harper Silliman): Hagley, Montchanin, Dela. 78. Married, 6 children. Octavia Mary (Mrs. John

Bruce Bredin): Greenville. 76. Married, 6 children. Lucile Evelina (Mrs. Robert Baronet Flint): Greenville. 74. Married, 5 children. These eight siblings share in fortune estimated at $2.8 billion.

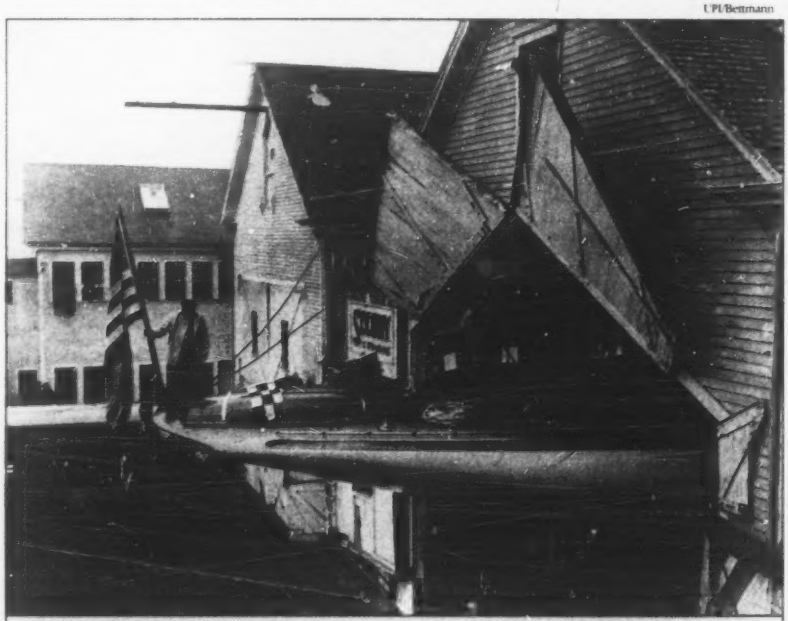
Alexis Felix du Pont Jr.
Alice Francis du Pont Mills

Brother, sister. Children of A. Felix du Pont, distant cousin to Pierre, sided with him in family split 1915 *(see other du Ponts, family)*, rewarded with stake in family holding company Christiana Securities. A. Felix Jr.: Wilmington, Del. 83. Divorced, remarried; 3 children by first wife, 1 by second. Alice (Mrs. James Paul Mills): Middleburg, Va. 76. Married, 3 children. Brother, sister have trusts believed worth $350 million each. Third branch most interesting: widow, children of brother Richard, noted pilot killed in WWII glider crash. Widow Allaire successful horse breeder; among first women admitted to Jockey Club 1983. With children, shares husband's inheritance (trusts), also believed worth about $350 million.

Ernest Gallo
Julio Gallo

Brothers. Wine. Modesto, Calif. 80, 78. Each married, 2 children. Italian immigrant father Joseph bought 230-acre Modesto vineyard; Depression all but wiped out. Brothers went to local public library to find out how to make wine, started with $5,900. A billion dollars later (estimated 1988 Gallo revenues—now largest winery in world) smiling Julio still squeezes the grapes, unsmiling Ernest pinches the pennies. First major success: Thunderbird (connoisseurs reject, winos don't). Constant effort since to upgrade product, image. Gaining share in premium and "superpremium" wines, also brandy. Chairman Ernest considered "intuitive marketing genius." Sales recruits get 300-page training manual. Ad budget 1988 estimated $80 million. Brothers lobbied (successfully) for estate tax change known as "Gallo Amendment." Brother Joseph, from same tough mold; sued by Ernest & Julio for putting family name on cheese business; he countersued for third of winery. But Ernest & Julio Winery won both decisions. Jointly own company alone worth $700 million. Ernest believed also to have large personal portfolio.

UPI/Bettmann



Harold Vanderbilt's Rainbow, being launched, 1934. The second of his three Cup defenders, Rainbow was slower than the British boat. Even with brilliant skippering, Vanderbilt won only because of a superior crew and a highly partisan ruling by the New York Yacht Club after a British protest. "Britannia rules the waves," complained one journalist, "but America waives the rules."

John Edward Anderson

Beverage distribution. Bel Air, Calif. 72. Widowed, remarried; 4 children. Peddled popcorn outside dad's Minnesota barbershop. UCLA on hockey scholarship 1936; Harvard M.B.A., night law school at Loyola. Cofounder Kindel & Anderson law firm 1953; learned business from beverage-distributor clients 1950s, formed Ace Beverage, got LA rights to then minor brand: Budweiser. Now $248 million sales. Also banks, insurance; Century City headquarters worth $90 million. Low key: "There's nothing to be gained by shouting from the mountaintop." $15 million UCLA gift blew cover in 1987: Worth more than $350 million. "I still have trouble paying 75 cents for a Snickers." *(See Mars.)*

Jack Parker

Real estate. NYC, Boca Raton, Fla. 74. Married, 2 children. Son of blouse manufacturer; joined uncle's wrecking business, then lumber salesman. Founded Parker Construction 1955 with $20,000 savings. "That takes guts." Developed first highrise apts. NYC's Queens 1950s, expanded into Manhattan, New Jersey, Florida. Big co-oper, poured estimated $150 million profits into suburbia office/hotel projects. Built Parker Meridien Hotel 1981. "This is the one project he's happiest about," says heir apparent grandson Adam Glick. Parker on real estate: a "crapshoot. You have to look at the downside if you want to survive." Net worth estimated over $350 million.

Franklin Parsons Perdue

Chickens. Salisbury, Md. 69. Twice divorced, 4 children. As child sold eggs at father's hatchery. Joined family business, made transition from eggs to broilers; company took off in post-WWII chicken boom. A.W. Perdue & Son fully integrated 1968: feed, processing, etc. Perdue Farms now country's 4th-largest chicken outfit; sales over $1 billion. Famous even to NYC look-alike Mayor Koch: "He's an upper-

echelon chicken-guy." Met with NYC mob big Paul Castellano to block union drive 1980. "It takes a tough man to make a tender chicken." Retired as CEO 1988, still chairman. With family's 90% of company, has carved out fortune totaling at least $350 million.

Grover Connell

Food, equipment leasing. Westfield, N.J. 71. Married; 3 children, 2 in business. Took over family's Connell Rice & Sugar 1950, after WWII Navy hitch; built into nation's biggest independent broker/trader rice, sugar. Handles much of government's foreign-aid rice crop. Expanded into booming equipment leasing 1973, now more than half his business. Over $600 million in owned equipment: "We do a lot of big deals." Combined revenues exceed $1 billion. Developing 170 acres commercial real estate in N.J. Lives modestly, sent kids to public schools. Well-wired Democrat. Net worth believed over $350 million.

Jane B. Engelhard

Inheritance. Far Hills, N.J. 71. Twice widowed, 5 daughters. Left war-torn Europe for Buenos Aires 1940 with "nothing except our passports and our personal belongings." Second husband, "Platinum King" Charles Engelhard Jr., built $300 million estate from precious metals business. Couple worldwide jet-setters, numerous houses including South Africa; Charles died 1971. Jane now retired socialite, entertains discreetly in beloved New Jersey home, Cragwood; Mike Tyson moved in next door. Collects rare books, documents; likes difficulty of finding first editions: "That gives you even more courage to pursue your collecting." Controls fortune believed worth over $350 million.

Norman E. Alexander

Sequa Corp. Scarsdale, N.Y. 75. Married, 4 children. Native of South Bronx, son of spats manufacturer. Earned Columbia law degree, never practiced; entered family business, changed to leggings. Bought into film distribution, sold at profit; purchased printing pigments firm, merged into Sun Chemical (major producer printing inks) 1957, became CEO, kept buying Sun stock. Credited with takeovers of 20 small companies; also Chromalloy. Sun renamed Sequa Corp. 1987. Also owns small plastic resins co., Ampacet (Mount Vernon, N.Y.). His 48% Sequa, plus Ampacet, etc. worth $350 million.

UPI/Bettmann

Ted Turner receiving instruction on handling a Georgia Tech bathtub racer in 1976. The following year he skippered another sort of racer, the twelve-meter yacht Courageous, to a 4-0 victory in the America's Cup.

Frank James Pasquerilla

Real estate, department stores. Johnstown, Pa. 63. Married, 2 children. Father, immigrant coal miner, died of black lung disease, ending Frank's plans (he was 18) for Temple U. Joined fledgling Crown Construction as clerk 1951; sole owner 1961. Rode trend by building enclosed malls 1960s. First mall developer to get into department stores: $35 million Hess' department stores purchase 1979. Crown America now aggressively expanding with 38 shopping centers, 76 Hess' stores: "If you allow growth to stop, profits will erode." Completed new $27 million headquarters on Johnstown flood plain. "We do things different from other developers." Worth at least $350 million.

Mark Les Goodson

Game shows. NYC and Beverly Hills. 74. Thrice divorced, 3 children. Son of Russian immigrant chicken farmer who opened health food store in Berkeley. Mark became successful radio announcer after college. Arrived NYC 1941, developed "mike fright"; created soap operas, game shows instead. With partner, dealmaker Bill Todman (d. 1979), from 1946 tumultuous 33-year relationship produced over 50 shows including *What's My Line, I've Got a Secret, Password, Family Feud.* Poured profits into newspapers, real estate: $170 million for New Haven *Register* 1986; $155 million for Morristown (N.J.) *Daily Record* 1987. Net worth believed over $350 million. "I hate to fail more than I like to succeed."

Betsey Cushing Roosevelt Whitney

Inheritance. Manhasset, N.Y. 81. Divorced, widowed; 2 children by first husband (James Roosevelt, eldest son of F.D.R.). President's "favorite daughter-in-law"; White House hostess. Divorced 1940. Married 1942 John Hay (Jock) Whitney, publisher *New York Herald Tribune,* Ambassador to Court of St. James 1957-61, heir to large 19th-century fortune: oil, tobacco, land, railways. Died 1982. Left almost entire holdings, including impressive art collection, to Betsey. Active philanthropist: over $8 million to Yale, in remembrance of Jock and her father, noted brain surgeon Harvey Cushing. Resides on 500-acre Long Island estate. Believed worth over $350 million.

Jack Monteith Berry

Citrus. Winter Haven, Fla. and Blowing Rock, N.C. 72. Married; 1 son, 2 daughters. Native Tennesseean, took public speaking lessons to lose accent; to NYC age 22, set up fruit brokerage business, earning $75,000 a year at 30. Came to Florida 1960s, snapped up orange groves at "outlandish" $1,500 an acre; most land now worth about $12,000 per acre. One of last independent growers: 20,000 acres mostly south of freeze zone; 3 plastics plants; box plant. Recent half-hearted attempt to sell stock in

company, but decided: "I have a son who is very interested in keeping the business." Enjoys yachting trips with family (all live in Winter Haven). Net worth estimated over $350 million.

Arthur G. Cohen ★

Real estate. Kings Point, N.Y. 59. Married, 5 daughters. Built Long Island homes 1950s. Arthur developed Arlen Realty 1970s, merged with Korvette's 1971, grew to largest public real estate firm. Mid-1970s real estate crash nearly ruined Arlen; Arthur put in $30 million of own money. Reputation preserved. Now does hundreds of deals nationwide: designs deal, takes piece, lets others build, operate properties: "One of the most facile financial minds I've ever encountered." Photographic memory. Name not on midtown NYC headquarters door (but North Shore gardens in *House & Garden*). Collects art. Net worth at least $350 million.

Ian Woodner

Real estate, art. NYC and East Hampton, N.Y. 86. Divorced, 2 children. Harvard-educated architect. Under Robert Moses, designed Central Park Zoo, N.Y. World's Fair buildings 1939. First apartment project 1943: 110 units Wilmington, Dela. "No one wanted to build low-cost housing for black people, so we did." Also early FHA-financed D.C. project. His Jonathan Woodner Co. now 3,500 units New York, 1,400 D.C., etc. Respected art collection worth estimated $125 million. Own artwork exhibited in Munich, Israel, etc. 1960s. Son Jonathan died in plane crash 1988. Net worth estimated at $345 million. "If you're going to be in real estate, plan to live a long time."

Ralph McAllister Ingersoll II ★

Publishing. Lakeville, Conn. 43. Married, 4 children. Father Ralph, famed editor (*Fortune, Time, Life*), not as brilliant in business. Finally, in his 40s, turned to publisher-friend Charles Marsh: "Charlie, will you teach me how to make money?" Died at age 84, the wealthy owner of 11 newspapers. Son Ralph learned business, also acquired Marsh's lessons: "My conception of a well-run newspaper is the difference between a 10% profit margin and a 30% profit margin." Built chain into 40 dailies, 189 weeklies so far with partner Warburg Pincus Capital Partners: Ingersoll Newspapers, Community Newspapers, IPL (Britain). Net worth over $345 million.

UPI/Bettmann

H. Ross Perot at a prisoner of war camp in South Vietnam, 1970. The maker of one of the first of the great computer fortunes, Perot today keeps most of his money in CDs.

Thomas Mellon Evans

Investments. NYC. 79. Divorced, widowed, remarried; 3 children by first marriage. Introduced to business by distant relative, Gulf Oil boss W.L. Mellon, conquistador of undermanaged companies. Proven success; turnarounds include bankrupt H.K. Porter 1938, Crane Co. 1959, over 80 others. Appreciates new market atmosphere: "Takeovers weren't respectable. Now they are." Resigned top slot at Crane after losing bout with board, son Shell; Shell now heads. Despite son Edward's pleas, sold his 22% Macmillan (publishing) stock; son no longer runs company. Interest in H.K. Porter, Crane, Fansteel, etc., bonds, horses, art. Net worth at least $345 million.

Lloyd Edward Cotsen

Neutrogena Corp. 60. Bel Air, Calif. Widowed, remarried; 3 children. Princeton, Harvard M.B.A. 1957; worked as archeologist in Greece. Served in Navy. Joined father-in-law's skin-care products firm 1958, too late to prevent boss from contracting to market transparent Belgian soap. Low-key marketing through doctors, hotels made company leader in specialty soaps. Still disdains diversification, focusing on skin-care market. Still avid archeologist. Active in Jewish charities. Daughter Tobey, 30, started Bundle of Convenience: disposable diaper, baby items delivery service in Los Angeles. Total wealth, mostly Neutrogena stock, over $345 million.

Aaron Spelling

Television. Holmby Hills, Calif. 66. Divorced, remarried; 2 children. Son of Russian immigrant tailor, raised Dallas; year in bed after "nervous breakdown," age 8. To LA 1953. With Danny Thomas, first hit: *The Mod Squad*, 1968. With Leonard Goldberg, *Charlie's Angels, The Love Boat, Fantasy Island*, etc., 1970s. At peak, produced third of ABC's prime-time schedule: "Aaron's Broadcasting Co." Clout with ABC waning, went public 1986. Merged with Carl Lindner's *(which see)* Great American Communications Co. 1989. "I always feel I'm going to wake up and it'll be a

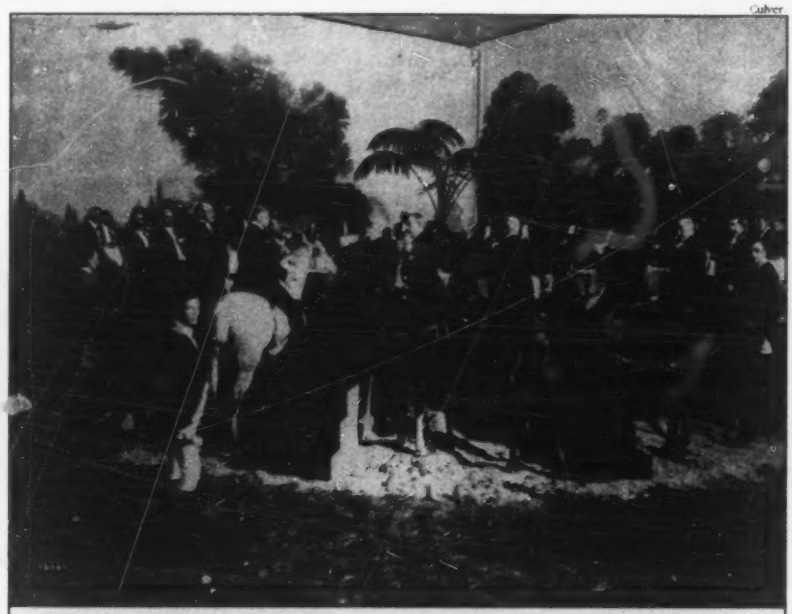
dream." Sinking est. $40 million into giant Beverly Hills mansion; net worth estimated at least $345 million, net of dreams.

John Arrillaga
Richard Taylor Peery

Partners. Real estate. Palo Alto, Calif. John: 51. Married; 1 son, 1 daughter. Son of spud farmer; Stanford hoops scholarship, later sold southern California real estate. Richard: 49. Married; 3 sons, 1 daughter. Devout Mormon; sister Nancy wed Richard E. Marriot *(which see)*. After Stanford business school, ran SF properties for father; bought California fruit farms, betting on Silicon Valley research boom. Partners teamed up 1967: now secretive lords of Silicon Valley R&D space, control at least 7 million sq. ft. commercial space (millions more sold off). John the builder-dealster; Dick shuffles money, paper; colleague: "Toughest businessmen I've ever dealt with." Pair live two blocks apart; John fanatic gardener, Dick avid outdoorsman. Together, Dick and John worth at least $670 million.

Charles Allen Jr.
Herbert Allen
Herbert Anthony Allen

Stock market, real estate. NYC. Charles: 86. Divorced, remarried; 3 children by first marriage. Brother Herbert: 81. Widowed, remarried; 1 daughter, 1 son. Charlie reared in Manhattan in cold-water flat, quit high school at 15, started bond trading at 19 with $1,000, 2 phones. Brought in Herb 1928. Lost first million in Crash. Herb's deft Depression trading kept Allen & Co. going. Since 1930s, bets on unlikely firms paid off in spades: Herb (now semiretired) put $3 million in Benguet Mining, yielding over $45 million; Charlie's $1 million in Syntex now worth about $300 million. Charlie: "I have hunches." Invested heavily in Chicago, Kansas City real estate with Arthur Rubloff. Herb's son Herbert A.: 48. Divorced, remarried; 4 children. Joined firm 1962; defied father's advice, bought 6% Columbia Pictures 1973, raked in $40 million on 1982 sale to Coca-Cola. Added underwriting (including Coca-Cola Enterprises), investment banking (steady client: Rupert Murdoch, *which see*). Allen & Co. secretive, active. Reportedly raised stake in new Columbia Pictures Entertainment. Herbert A.: "We're long-term speculators." Silent partners with Bernard Mendick *(which see)* in Washington, D.C. real estate. Family donated $15 million to New York's Columbia-Presbyterian Hospital. Stakes in over 200 companies, real estate make shared fortune at least $1 billion, possibly much higher.



Culver

The horseback dinner at Sherry's, 1903. C.K.G. Billings owned a Chicago gas company but moved to New York to make a splash in society. Animal dinners were then in vogue and even the old-money Mrs. Stuyvesant Fish had given one with a monkey—in full evening dress—as guest of honor.

Seymour B. Durst
Royal H. Durst
David M. Durst

Brothers. Real estate. Father Joseph emigrated from Austria 1902; founded Durst Organization 1915 to manage Manhattan properties. Sons shifted emphasis from residential to office space 1940s ("and we're very happy we did"); built on Third Avenue 1950s, moved over to Sixth Avenue 1960s. Durst Organization controls about 4.5 million sq. ft. midtown NYC office space, also 275,000 sq. ft. prime land in midtown. Seymour: NYC. 76. Widowed, 4 children. Started in accounting. Now heads Durst Organization; playing less active role these days. "Times Square is like the Bermuda Triangle—investments made there are never heard from again." Royal: Westchester County, N.Y. 70. Married, 3 children. Handles construction end of business. David: Chappaqua, N.Y. 64. Married, 5 children. Shares management of the construction business with Royal, also leasing. Brothers share fortune of at least $1 billion.

Frank Sherman Morgan
Sherman W. Dreiseszun

Nephew, uncle. Real estate, banks. Kansas City, Mo. Frank: 62. Divorced, 5 children. Sherman: 65. Married, 2 children. Frank, son of European immigrant traveling salesman, fatherless in high school; Navy storekeeper 3rd class WWII. Abandoned college, imported surplus war goods from Guam; joined Uncle Sherm manufacturing women's sportswear 1950; together since, with Frank in the lead. Started bank, began first shopping center 1964. Bucked incestuous Kansas City banking community with aggressive real estate lending starting late 1960s: spurred continuing real

estate boom. Ultra-low profile, except employers of numerous former politicians. Now control banks, thrifts with almost $6 billion in assets; over 11 million sq. ft. of malls. Morgan, abrupt and taciturn, said to be sports fanatic. Two control visible assets through myriad trusts, straw men, worth at least $660 million.

Anne Catherine Getty Earhart ★ *Caroline Marie Getty* ★ *Claire Eugenia Getty Perry* ★

Inheritance. Daughters of George Getty (d. 1957), son of oilman Jean Paul Getty; collectively known as "Georgettes" by family. Anne: 37, married, last known to reside in Seattle; 2 children. Filed initial suit attacking half-uncle Gordon's *(which see)* control over Sarah C. Getty Trust, sale of Getty Oil. Married to Former Peace Corps volunteer. Claire: 35, also married to former Peace Corps man; last known address New Haven; has illegitimate son. Amid initial Getty Oil-Pennzoil deal, petitioned California judge, got temporary restraining order that gave Bruce Wasserstein chance to bring in Texaco; ultimately resulted in Getty Oil sale. Caroline: 32, single, last known living near San Francisco. All reported avid environmentalists; share portion of Getty trusts worth estimated $990 million.

Patrick George Ryan

Insurance. Chicago. 52. Married, 3 sons. Fired from first job on first day. Started at Northwestern on football scholarship; organized sales network in college to sell scrap books to coeds. Went into insurance to make big money; started own credit insurance firm with breakthrough idea: sell through auto dealers. Made good impression with strict dress code for salesmen; public 1972. Merged into W. Clement Stone's languishing Combined International 1982, taking 11.1% stake; became CEO. Made acquisitions; renamed Aon Corp. (Gaelic for "unity") 1987. Finds time for family vacation and civic leadership in Chicago. Aon stock and accumulated dividends worth $330 million.

David Seymour/Magnum

Peggy Guggenheim at her Venetian palazzo. She used her family's mining fortune to build one of the world's great collections of modern art, and even let ordinary tourists troop through her house to admire it.

Gertrude Ramsay Crain

Publishing. Chicago. 78. Widowed, 2 sons. Husband G.D. Crain (d. 1973) launched *Hospital Management* 1916, founded Crain Communications. Flagship *Advertising Age* 1930; now 25 business, trade publications *(Automotive News, American Drycleaner)*. Sons Rance and Keith run company, but "what she says goes." Big move into regional business papers: Chicago, Detroit, Cleveland. "Citizens Crain" started NYC business weekly 1985, bought and folded competitor, yet to make money. Keith: "The thing I recall most from my father is that working wasn't working, it was fun." Fortune estimated over $330 million.

John Quentin Hammons

Hotelier. Springfield, Mo. 65. Married, no children. Taught school; worked on Alaskan highway; Navy WWII. Returned home, set up business in concrete products; failed—$57,000 in debt by 1948. Recouped by building homes, shopping centers; out of debt in year. Went into Holiday Inn franchises with partner Roy Winegardner 1959. Built 31 hotels, sold to Holiday Inns for stock 1970 (Roy later became HI chairman). Sold off substantial portion HI stock 1987, but still has some Inns. Now over 8,000 hotel rooms; aggressively building trade centers, Embassy Suites Hotels. Changed the face of hometown Springfield. Also endowed heart institute. Net worth at least $330 million.

George Soros

Money manager. NYC, Southampton, N.Y. 58. Divorced, remarried;

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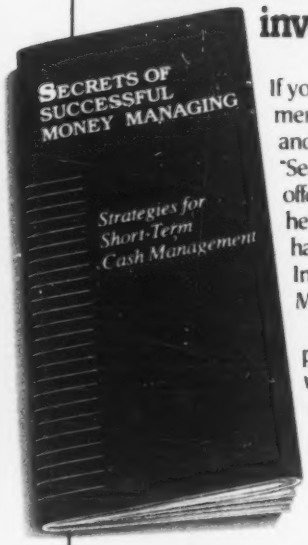

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5 children. Born Budapest. London School of Economics; grades not good enough to make professor, immigrated to U.S. 1956. Currency trader, stock analyst; started Curaçao-based Quantum Fund, foreign investors only, 1969. "World's greatest money manager" hobnobs with finance ministers in 5 languages. Endowed foundations U.S.S.R., China, Hungary. Manages $1.8 billion Quantum, a $500 million European fund. Bullish until 1987 crash: lost $900 million in asset value (but year up 15%). Reportedly: mediocre 1988; slow start 1989; 20% August gain. His share funds, other assets, believed worth over $325 million.

Joseph Dabr Jamail Jr. ★

Lawyer. Houston. 63. Married, 3 children. Father and uncle owned chain of grocery stores in Houston area. Undergrad and law school at U. of Texas; passed bar 1952, graduated 1953. Went to D.A.'s office, then small law firm; stayed one year, formed own firm. Took up personal injury—"sore-back cases"—where he could "really feel big helping somebody." Got bigger fast with huge contingency fee from Texaco-Pennzoil case (est. around $420 million, pretax): 1,500 phone calls within next 3 days; new clients include Kirk Douglas. Investments in oil and gas, real estate. After Pennzoil, plus lifetime of sore backs, now surely worth at least $325 million net of full tax; he has bragged much higher.

John Thomas Lupton
Elizabeth Lupton Davenport

Brother and sister. Bottling. Grandfather John T. (d. 1933) got right to distribute Coca-Cola 1899. Used portion of patent medicine fortune to finance first Coke bottling plants. Father Thomas Cartter took over; bought and sold Coke franchises at frantic pace. John: Chattanooga, Tenn. 63. Married, 4 children. Enlisted Navy 1944; assigned to PT boat. "Jack" joined business as bottle washer; took over at father's death 1977. JTL largest U.S. bottler at sale to Coca-Cola 1986 for $1.4 billion. "The timing was right for this." John's timing, his half JTL netted him some $325 million. Main force behind River City Co., estimated $750 million revamping of river area in Chattanooga. Elizabeth (Mrs. Rudolph) Davenport: Lookout Mountain, Tenn.

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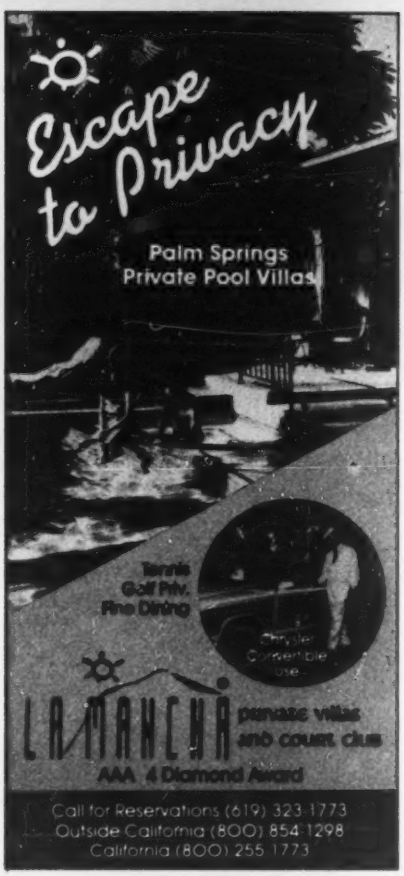


56. Divorced, remarried; 3 children. John and Elizabeth believed to share 50/50 JTL proceeds, not the 60/40 previously reported. Also has fortune at least $325 million.

Harry Lebensfeld ★

UIS, Inc. NYC. 85. Separated, 1 daughter. Founded United Industrial Syndicate 1945, now UIS. First acquisition: small desk manufacturer, Shelbyville, Ind. Assembled 14 companies, some turnarounds—millwork, wholesale supply, automobile parts, Necco wafers. 1988 revenues: $557 million. Still chairman, chief executive. Lean operation; 15 people in NYC headquarters. Wants more acquisitions, in same or related fields. "No interest whatsoever in retail or service businesses, real estate, banking and insurance, natural resources and high tech. . . ." Daughter married to Richard Pasculano, UIS' acquisitions manager. Company, mostly owned through trust, worth in excess of $325 million.

Sydney Mark Taper

First Charter Financial Corp. LA. 88. Widowed, 3 children. Born Warsaw, immigrated to England age 2. Developed frugality during lean WWI years; bought candy wholesale, sold at markup to classmates. Built homes in Britain, came to California 1939; built GI housing WWII; led to home financing: founded First Charter S&L 1955. Grew to third-largest U.S. thrift. Cost control envy of industry; demanding boss, went through numerous able successors. Sold out to Financial Corp. 1983; abandoned Taper's conservative management, met disaster. Taper now manages personal investments, should easily be worth $325 million.

William Coburn Cox Jr.
Jane Cox MacElree

Brother and sister. Inheritance. Great-grandfather Clarence Barron (d. 1928) bought *Wall Street Journal*, Dow Jones Ticker, 1902; founded *Barron's* 1921. Children of Barron's granddaughter Jesse Cox (d. 1982). William: 58. London, Nantucket. Married, 4 children. Currently on Dow Jones board, director European operations. Jane: 60. Newtown Square, Pa. Divorced, remarried; 7 children. Active in Philadelphia charities. Thanks to *Wall Street Journal*'s great success, the two share trusts with Dow Jones stock worth $640 million.

Lewis Robert Wasserman

MCA, Inc. Palm Springs and Beverly Hills. 76. Married, 1 daughter. Started in concession sales at 12 in Cleveland movie theater. Then usher. Then promoter. Big break: MCA founder Jules Stein hired as band booker 1934. Rose to president 1944 as agent for likes of Jimmy Stewart, Alfred Hitchcock, also Ronald Reagan. Acquired MCA stock. Added Universal Studios 1962, divested talent agency after antitrust suit. MCA now TV, films, records, books, theaters, Universal studio tour, etc Industry analysts expect MCA to be sold within two years; "The company doesn't speculate." "The last of the larger-than-life movie moguls" has 12.5%, with family, currently worth $320 million.

Armas Clifford Markkula

Apple Computer. 47. Woodside, Calif. Married, 2 children. Electrical engineer. USC, worked at Hughes Aircraft, Fairchild, Intel. Backed 2 unknown computer wizards *(see Jobs)* with technical and business background, $91,000, lined up venture capital: laid business foundation for Apple. "Mike" chairman 1977, CEO 1981. Turned over top slot to John Sculley, import from Pepsi-Cola Co., 1983. Vice chairman until 1987; now in 2 charter airplane services: ACM Aviation (owns 100%), San Jose Jet Center (partner). Founder, chairman new computer startup, Echelon, in very low cost networking. His 5.8% Apple stock, etc. worth at least $320 million.

Lucille Carver ★

Inheritance. Bandag, Inc. Muscatine, Iowa. 72. Widow; 3 sons by Roy James Carver (d. 1981), who acquired rights to German retreading process. Founded Bandag 1957 in abandoned sauerkraut plant in Muscatine. Today industry leader: 50% U.S. retread market. Youngest son Martin, 41, chairman since father died; now president and CEO. Believes in product: drove an 8-ton test truck at 151mph to demonstrate Bandag's retread durability. Brother Roy Jr., 45, owner of Carver Pump, small 100-person pump production firm; also Carver Hardware chain. Mother Lucille owns about

UPI/Bettmann

The first Mrs. Vincent Astor with the troops, shortly after World War I. The third Mrs. Vincent Astor, Brooke, has presided over the distribution of most of the Astor fortune to worthy causes since her husband's death 30 years ago.

26%, worth over $320 million. Add estate, son's share, family's net worth over $400 million.

Richard Marvin DeVos
Jay Van Andel

Partners. Amway Corp. Ada, Mich. 63, 65. Each married, 4 children; all but 1 work for company. High school friends, first tried hamburger stand, flying service, then vitamin distributorship before starting Amway in basement 1959. Began with soap, added some 350 products. Distributors get commissions, red-white-and-blue speeches on free enterprise, percentage of sales of those they recruit into pyramid-like system. Company pleaded guilty to Canadian customs fraud scheme 1983; fined C$25 million, largest ever. Sales slumped, then rebounded as marketing pacts with big names (MCI, Firestone, Coca-Cola) put professional gloss over Bible-thumping image. Company claims 1 million distributors worldwide, says fiscal 1989 revenues $1.9 billion. With Irwin Jacobs *(which see)* launched surprise $2 billion bid for Avon 1989: "We're going to rewrite the history book on direct selling." Avon derisively rejected; Amway withdrew. Street shocked; one source: "This is the most bizarre deal I've seen." Van Andel and DeVos share company with book value of $630 million.

Leonard Tow ★

Cable TV. New Canaan, Conn. 61. Married, 3 children; 2 in business. Born Brooklyn. Brooklyn College economics degree 1950; embarked on academic path: master's, Ph.D. Columbia; 7-year stint as college professor. Discovered business. Joined Teleprompter 1964 after forays as venture capitalist, management consultant. Discovered cable. With Sentry Insurance pooled $22,000 to form Century Communications 1973. Through aggressive acquisitions, internal growth, built up company with no franchising; now 830,000 cable subscribers in 24 states and Puerto Rico; added cellular phones 1988. Recently ended stint as particularly distinguished adjunct professor at New York University business school: 64% stake in Century worth $315 million.

James Landon Knight

Knight-Ridder, Inc. Bal Harbour, Fla. and LA. 80. Widowed, remarried; four daughters. Typesetter for father's Akron *Beacon Journal* age 12. Managed business end of two debt-ridden dailies inherited with brother John (d. 1981) in 1933. Bought Miami *Herald* 1937, *Detroit Free Press* 1940. Merged with Ridder 1974. Now 29 dailies including San Jose *Mercury News*, *Philadelphia Inquirer*; 53 Pulitzer prizes since 1943. Acquired Dialog, world's largest computer database, for $353 million 1988. Sold 5 of 8 TV stations in 1989, negotiating sale of other 3, total estimated at $400 million. Knight enjoys golfing and yearly fishing safaris; stock worth estimated $310 million.

Eli Broad ★

Kaufman & Broad, Broad Inc. LA. 56. Married, 2 children. Built first houses (with partner Don Kaufman) on $25,000 loan from in-laws 1957. Steady growth to 1973 (housing sales $264.4 million). Foray into mobile homes; almost wrecked by housing slump 1974. Cut back on-site housing to two markets: Calif., France (where third largest). Balanced cyclical housing with Sun Life Insurance 1971. 25% stake Biscayne Federal S&L 1980; collapsed 1982: "Our timing was impeccably bad." Ignored by Street; spun off housing; renamed insurance Broad, Inc. "Besides doubling the stock in 6 months, the S&P rating on Broad Inc. went up 6 levels" (from BB– to A–). Stock in two companies, other assets worth at least $310 million.

Jesse Mack Robinson

Banking. Atlanta. 66. Married, 2 daughters. College dropout car salesman, built chain auto finance companies. Bankrolled Yves St. Laurent 1960; sold out 1966 for $1 million. Bought or opened 22 banks: "I've never worked in a bank in all my life." Diversified: lumber mills, billboards, insurance, perfume, sold 85% of pest control business 1988. Gradually selling out after heart attack 1986. Buys Thoroughbreds; hasn't missed Masters or Kentucky Derby in 30 years. Golf, hunting, fishing; wife collects art. Wants daughters to succeed

him: "I'd like to see them go into banking or insurance and stay away from places like lumber mills." Net worth exceeds $310 million.

Richard Palmer Kaleioku Smart

Inheritance, ranching. Honolulu and Waimea, Hawaii. 76. Divorced, 2 sons. Heir to legendary Boston mariner John Palmer Parker's ranch, founded 1847: dropped anchor, shot wild cattle for King of Hawaii; married royal granddaughter with dowry of 2 acres. Acquired 50,000 more; domesticated island cattle. After 142 years, Parker Ranch 225,000 acres, produces 10 million pounds of beef a year, a third Hawaii's production. Lost both parents early childhood, raised by grandmother. Left Stanford for 25-year theater stint before running ranch. Won estate case against 200 other descendants; still on appeal. Land, cattle, Impressionist art worth at least $310 million.

Leonard Maximilian Marx

Real estate. Scarsdale, N.Y. 85. Married, 3 children. After Yale brokered properties for chain stores: "I told my clients that the downtowns had had it." Started building shopping centers 1930s; returned to real estate after spending WWII with Department of Navy. Now has at least 200 properties in strips, some even in downtowns: "We have a lot of little junky properties all over the U.S." Still builds "1 or 2" strips a year without debt: "We have enough money to do it." Don't call Leonard on Friday afternoon: he's playing bridge. Watches public television, swims twice daily. On estimated net worth of at least $310 million: "I've never counted, so I don't know."

Floyd Dewey Gottwald Jr.
Bruce Cobb Gottwald

Ethyl Corp. Richmond, Va. Sons of Floyd Gottwald Sr. (d. 1982), who between 1918 and 1941 rose from office clerk to president Albemarle Paper Manufacturing. Merged with Ethyl Corp. 1962; sold paper company for $55 million 1968. Federal lead-content regulations outlawed main product, gasoline antiknock compound TEL; last U.S. plant closed 1985. Diversified into aluminum products, plastic, bromine-based chemicals, insurance, etc. (1988 revenues, $2.7 billion). Also pharmaceuticals: leading U.S. producer pain reliever ibuprofen (Nuprin). Floyd Jr.: 67. Charlottesville, Va. Married, 3 sons. Lt. U.S. Army, WWII. Chairman 1968, CEO 1970. Private, "publicity shy." Bruce: 56. Married, 3 sons. President since 1969. "They treat the company like it's their own, and it is." Their 18% worth about $610 million.

Edith du Pont Pearson
Willis Harrington du Pont

Inheritance. Surviving children of Lammot du Pont (brother and key associate of Pierre), president Du Pont Co. 1926-40, chairman 1940-48; d. 1952 *(see various du Ponts, family)*. Edith (Mrs. George Burton Pearson Jr.): Montchanin, Dela. 77. Widowed, remarried; 5 children by first marriage. Husband is a retired Delaware judge. Willis: Palm Beach, Fla. 53. Married, 3 children. Son of Lammot's fourth wife (other siblings by first). Citrus, cattle, banking investments Florida. Brother Pierre S. III (d. 1988) father of Pierre S. IV, former governor of Delaware (1976-84) and presidential candidate. Edith, Willis, families' share du Pont fortune believed to exceed $600 million.

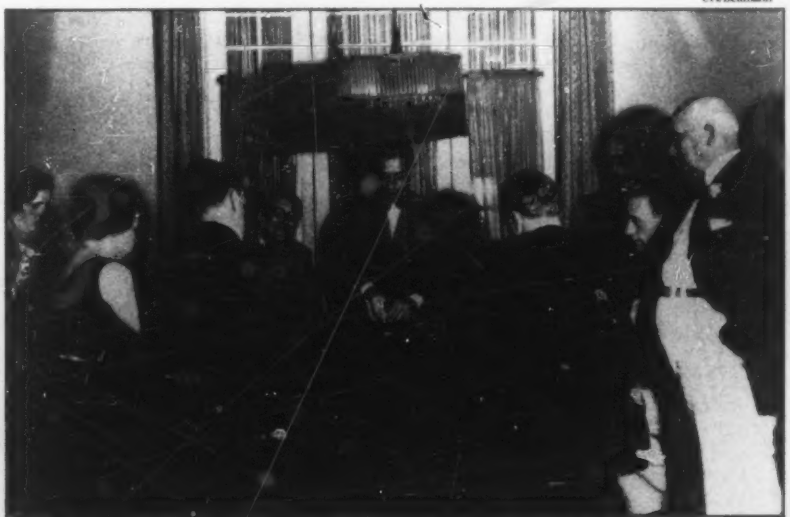
Richard Jerome O'Neill
Alice O'Neill Avery

Brother and sister. Inheritance, real estate. Grandfather Richard O'Neill left Ireland, managed friend's huge southern California ranch. Payment in kind: half the property. Grandchildren inherited 50,000-acre O'Neill Ranch 1943, much of it since sold or given away. Developed 11,000-acre Mission Viejo tract mid-1960s with Donald Bren *(which see)*; purchased by Philip Morris for $72 million. Now developing 5,000-acre planned community Rancho Santa Margarita, Orange County, headed by Alice's son Anthony Moiso. Richard: San Juan Capistrano, Calif. 65. Married, no children. "Uncle Dick" known for disheveled appearance. Ranching interests Mexico, Nevada; also California restaurants. Powerful in state Democratic politics: "It's like playing at the crap table or being a bettor on football games." Alice: Los Angeles. 72. Divorced, widowed; 3 sons, 6 grandchildren. Dick and Alice share ranch, other investments exceeding $600 million.

David Theodore Chase

Real estate, media, investments, insurance. West Hartford, Conn.

UPI/Bettmann



A blackjack table at Grand Casino Nacional, Havana, 1932. Cuba was a favorite, if slightly sleazy, watering hole of the very rich in the days before Castro.

AP/Wide World

Henry Ford on a camping trip, 1919. Ford loved to go camping, especially with his old friends Thomas Edison and Harvey Firestone. In fact he liked camping so much he invented charcoal briquets to make the whole business easier.

60. Married, 2 children. Born in Kielce, Poland as David Ciesla; survived Holocaust but lost parents, sister to Nazis. Arrived U.S. 1946; spoke 6 languages. Door-to-door salesman, small-time contractor. Built temple with monument honoring parents. Late Fifties developed shopping centers; Hartford office tower 1972, other offices early 1980s. Diversified into media—television, radio, cellular phones, banking, stocks, insurance. Building 10,000-home development Rainbow Springs, Fla. Daughter Cheryl acts as chief counsel, son-in-law Roger Freedman is the executive vice president. Around $100 million to each son; still net worth estimated at $300 million.

Thomas Henry Dittmer

Commodities. Lake Forest, Ill. 47. Married, 2 children. Grew up in Sioux City. Started as runner at Chicago Mercantile Exchange mid-1960s. 100 egg contracts, purchased by mistake, gave $165,000 return after market rally. Hooked. Bought seat on Merc; formed agricultural trading firm 1969. Built Refco Group into "risk management" power; probably world's largest futures clearinghouse, also stock index options, currencies, metals. "The Rambo of the futures industry," paid $525,000 in fines for Chicago Merc trading infractions. Reported Internal Revenue Service problems. Avoids press, gave up lavish parties on private Palm Beach island. With 51% Refco, other assets, believed worth over $300 million.

Kenneth Eugene Behring ★

Developer. Blackhawk, Calif. 61. Married, 5 sons. Sold autos at 17; 1 semester U. of Wisconsin. At 24, Lincoln-Mercury dealer. At 27, sold agency, bought land in Florida. Headed west in 1972, bought 4,700-acre Blackhawk Ranch; developed exclusive residential community near Oakland. Next community (3,300 units) Canyon Lakes near Blackhawk. Then $10 million museum to house "world-class" automobile collection (museum, cars, income property valued altogether $110 million, to be donated to U. of California, Berkeley). Five prized pieces, including Duesenberg and Bugatti, displayed in 7,500-sq.-ft. ballroom in his 5[illegible] home. Has 75% Seattle (football) Seahawks. Net worth believed well over $300 million.

Peter Jay Sharp

Real estate. NYC. 59. Widowed, 3 children. Father Jesse real estate magnate; owned parts of 22 hotels, built New York's Volney and Stanhope. Jesse died young 1941; interior decorator wife Evelyn took over. She taught Peter hotel business. After Princeton, fought with mother, set out on own. Assembled real estate empire: Manhattan office buildings, apartments; bought Carlyle Hotel 1967 for $16 million; cooped over half. Considered finest hotel in New York; caters to the new rich, first ladies, rock stars: "It is ridiculous how much money we spend." Recognized value of assets in bankrupt Avatar Holdings; made killing with Leon Levy 1980s. Net worth over $300 million.

William Edward Simon

LBOs. New Vernon, N.J. 61. Married, 7 children. $5,000 in debt after college, Bill arrived on Wall Street to trade muni bonds; later head government trader at Salomon. Then Treasury Secretary under Ford: "Government is a menace." Advised stern treatment for bankrupt NYC. "What the hell happened to the free-enterprise spirit? Did the Pilgrims need subsidies?" Next formed pioneer leveraged buyout firm Wesray with Ray Chambers *(see p. 118)* 1981; bought cash-rich firms in mature industries. Quit Wesray, now assembling string of financial institutions West Coast, Hawaii; hopes to provide capital throughout Pacific basin. President, John M. Olin Foundation. Leveraged buyout profits put net worth at estimated $300 million.

Richard Edward Rainwater

Investments. Fort Worth. 45. Married, 3 children. Middle-class son of Fort Worth Lebanese-Cherokee wholesaler. Delivered papers; liked math, fast cars. Hired from Goldman, Sachs by Stanford business school classmate Sid Bass *(which see)* to diversify family oil fortune.

Byron Collection, Museum of the City of New York

Pamela Whitney leaving St. Thomas Church in New York after marrying Sir Hugh Paget, later Lord Queenborough, in 1895. The daughter of streetcar magnate William C. Whitney was following the latest fashion among the American rich: marrying a title. Consuelo Vanderbilt had married the Duke of Marlborough just six days earlier.

Dealmaker extraordinaire: Texaco, Disney, etc., etc. Ballooned Bass net worth to at least $4 billion; also ballooned his own deals. Philosophy: invest in numerous partnerships with executives who run show. "They know more about their businesses than I'll ever know." Left 1986 to do own deals: Ensco, Wolverine, etc. With George Bush Jr., others, recently bought Texas (baseball) Rangers. Net worth exceeds $300 million.

Robert J. Congel ★

Shopping malls. Syracuse, N.Y. 54. Married, 5 children. Economics degree (Fordham) in hand, landed $13,000 water pollution control contract, dug cellars a.m., laid pipe p.m. Built first shopping center 1972. Now majority partner Pyramid Co., largest mall builder/owner in Northeast. Tough landlord: can kick out tenants who fail to meet sales targets. But Pyramid stores average $250/sq. ft. versus $170/sq. ft. for industry. New Pyramid sites drawing usual enemies: politicians, environmentalists, nonmall merchants. Pyramid usual victor. Wife, children share trusts, active in company; Congel claims: "I don't hardly own anything." Worth at least $300 million.

William Alfred Cook

Catheters et al. Bloomington, Ind. 58. Married, 1 son. Illinois boy; drove cab as Northwestern undergrad 1950s. Washington U. premed: lasted 1 week. Sold medical supplies Chicago. At wife's behest packed Corvair 1963, moved to Bloomington; with $1,500 bought soldering iron, blowtorch, plastic tubing, made then-new cardiovascular catheters. Built private Cook Group, Inc. into one of largest-volume U.S. catheter producers (also pacemakers, syringes, etc.). After bypass surgery 1974 quit smoking, dropped 90 lbs.; now fitness nut. Also real estate, insurance, etc. Worth over $300 million; denied by him. "I was just looking for a way to make a living so I could live in Indiana."

Francesco Galesi

Real estate, telecommunications. NYC. 58. Divorced, remarried; 3 children. Son of Italian immigrant real estate broker. After Princeton, built shopping centers with family. Bought 6-million-sq.-ft. Army depot near Albany, N.Y. for $4 million, converted to industrial-distribution complex; enlarged, now worth $100 million. Also offices, Long Island beachfront, etc. Bought Teltec Saving Communications for $20 million, merged into Telus March 1988. Now planning to merge Telus with $83 million (sales) Advanced Telecommunications; Galesi share combined company should be 32%. Fortune estimated $300 million.

Cleon T. (Bud) Knapp ★

Publishing. NYC, LA. 52. Married, 4 children. Worked in office, advertising sales for grandfather's *Architectural Digest*. In 1965, age 27, bought then-deceased grandfather's publishing business, made *Architectural Digest* into present upscale product. Good decision. Added *Bon Appétit* 1975. Founded Knapp Press (books) 1977. In 1981 acquired *Home* and only financial fiasco—*Geo*, folded 1985 reportedly losing $1 million/issue. Latest *KCET Magazine* for subscribers LA public television station. Knapp Communications 1988 revenues estimated $124 million. Sole owner, worth near $300 million.

Howard Brighton Keck

Superior Oil Co. LA. 76. Married, seeking divorce; 4 children. Father, William M. Keck Sr., Texas wildcatter during 1901 Spindletop boom; rumored to taste-test drilling-core samples. Founded Superior Oil 1921, built premier independent oil co., huge reserves. Pioneered Venezuela, Louisiana. Two sons fought over succession; after failing to sell co. 1959, William Sr. picked younger son, Howard, as CEO. William Sr. died 1964. Howard chief executive from father's death to 1981. Took company through ill-fated mining, farming, timber diversification; forced off board during family feud 1983. Superior Oil sold to Mobil 1984 for $5.7 billion. Now heads Keck Foundation, financed $70 million Keck Observatory, one of world's most powerful telescopes, atop Hawaiian volcano. Net worth over $300 million.

Fitz Eugene Dixon Jr.

Inheritance. Lafayette Hill, Pa.; Palm Beach, Fla. 66. Married; son, daughter. Primary heir two great-grandfathers: streetcar magnate P.A.B. Widener (d. 1915: reported worth $100 million), William Elkins (d. 1903; reputedly $30 million). Freshman dropout Harvard, taught 16 years—"happiest days of my life"—at his Main Line prep school, Episcopal Academy. Philanthropist. Fortune mostly blue-chip stocks, bonds; owns most of Grindstone Neck, Me., faded resort where he was born. Sold Philadelphia (basketball) 76ers, holds 10% (baseball) Phillies. Wears opal ring grandfather George (d. 1912 *Titanic*) gave to wife as she stepped into lifeboat. Estimated worth: near $300 million.

Fred Trammell Crow

Real estate. Dallas. 75. Married, 6 children. Dallas-born, bookkeeper's son. Bank teller, then CPA; audited Navy contracts WWII. Built, leased Dallas warehouse 1947; "after that we just got less small." Developed expansion pattern in Texas, then nationwide: leverage, cut in many partners, including building management. Near disaster 1974 when real estate crunch dried up cash flow—now facing another. Still nation's largest developer—260 million sq. ft. warehouse, retail, office; manages 75,000 apartments. With family believed to have near 20%, but hemorrhaging partners and equity. Net worth may still be $300 million, but heading south. Vehemently says it's much higher.

Robert Drayton McLane Jr. ★

McLane Co. Temple, Tex. 53. Married, 2 children. Grandfather opened grocery store 1894, began wholesaling 10 years later. Drayton took over daily operations from father, Drayton Sr., now 87, 1965. Built firm from local operator to national wholesaler with 13 distribution centers; utilized computers 1970s to become low-cost competitor; targeted often neglected convenience stores. Annual growth of revenues 31% since 1964. Eyeing joint ventures to take distribution international. Active in the Baptist Church. Business estimated worth over $300 million. "We're committed to making charitable contributions in the communities in which we do business."

It was Howard Hughes' fifth plane crash, but it was the one that nearly killed him in 1946 when the experimental photo reconnaissance plane he had designed for the Army Air Force smashed into a posh Beverly Hills neighborhood, crushing his chest and burning him severely.

Miller Nichols

Real estate. Prairie Village, Kans. 78. Widowed, remarried; 4 children, 2 stepchildren. Father J.C. began buying outlying Kansas City land 1904; artful salesman, esthetic visionary; imagined utopian suburbia with plumbing, running water, lawns, etc. Built first planned shopping center 1922: 55-acre Country Club Plaza still thrives. Pragmatic Miller CEO on father's death 1950: "I've had the opportunity to act on those dreams and expand upon them." Claims middle name is "Persistence." Backed strong right-to-work legislation for Missouri 1978; big defeat. Neatness freak. Kids not interested in business; selling to ESOP. His stake, etc. worth $300 million.

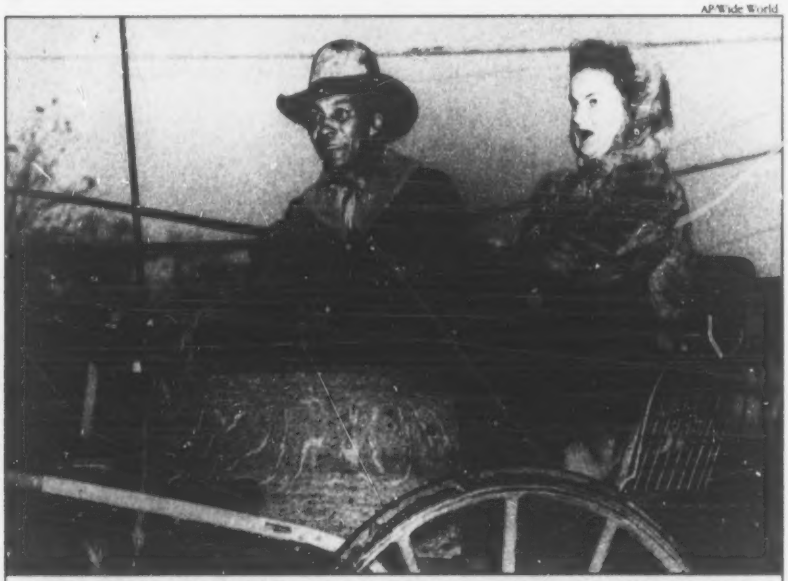
Mervyn Edward Griffin

Television. Beverly Hills. 64. Divorced, 1 son. Big-band vocalist, number 1 hit "I've Got a Lovely Bunch of Coconuts" 1950. Stints on Broadway, in B movies; ever fascinated host *Merv Griffin Show* 1961-86. Started game show production co. 1962. First, *Jeopardy!* Playing Hangman with sister on car trips inspired *Wheel of Fortune* 1973; most lucrative game show ever, sold to Coca-Cola 1986 for $250-million-plus. Bought $100 million Beverly Hills Hilton 1987. Split Resorts International with Donald Trump *(which see)* 1988; cash flow crisis at casino. Trump: "I walked away with all the cookies." But Griffin's casino equity, real estate, radio stations, etc. still over $300 million worth of cookies.

Eugene Paul (J. Paul Jr.) Getty

Inheritance. London. 57. Divorced, widowed; 4 children with first wife, 1 with second wife. Second son of oil tycoon Jean Paul Getty. Dropped into 1960s counterculture, drugs. Divorced 1965; married Dutch actress 1966. Both heroin addicts; she died heroin overdose 1971. Their child Tara Gabriel Galaxy Gramaphone, now 31, reportedly seeks movie career. Namesake

AP/Wide World



Doris Duke inherited $70 million and a private railroad car in 1925. But during World War II she drove a buckboard to the post office to save gas.

son first marriage kidnapped 1973; ear cut off before grandfather would pay ransom; at 24 suffered stroke from drugs, alcohol: blind, speechless, paralyzed. Court forced Paul II to pay doctor bills. Paul II now ailing recluse; collects books, gives money to British cultural institutions derived from estimated $300 million share of family fortune.

Edwin Lochridge Cox Sr.

Oil and gas. 67. Dallas. Widowed; 2 sons, 1 daughter. Born Mena, Ark.; moved to Texas 1946. Became one of largest independent oilmen; production Tex., La., Okla., Colo. through Cox Oil Co. Other interests: former chairman Sedco, cookie maker Keebler; founding director Interfirst Corp. (now First RepublicBank Corp.). Also former director of LTV, Dr Pepper, Gillette, etc. Son Ed Jr. built billion-dollar agribusiness empire (Val-Agri, Swift meatpackers, others) 1985-87; empire crumbled with $78 million InterFirst loan default 1986 (since paid). Shock waves from scandal: companies sold off, 6-month jail term for Ed Jr. Ed Cox Sr. worth at least $300 million.

Samuel Joseph Frankino

Agency Rent-A-Car. Palm Beach, Fla. and Pepper Pike, Ohio. 65. Divorced, remarried; 1 daughter. Small real estate fortune accumulated 1950s-60s. Insurance agent needed car for client; Sam rented him new car for daughter for $9.50 a day; realized potential business: "My daughter never did get that Impala." Rents for routine low-mileage use, competitive rates. Now up to 41,000 cars; largest insurance replacement-car rental company in U.S. "I originally thought we'd get up to maybe 40 or 50 cars." Drew no salary until Agency went public 1983; now takes $240,000 a year. Avid golfer, deep-sea fisher. His 57%, other investments, worth $300 million.

Jack N. Mandel
Joseph C. Mandel
Morton L. Mandel

Premier Industrial Corp. Brothers. Jack: Shaker Heights, Ohio. 77. Married, childless. Joseph: Lyndhurst, Ohio. 75. Married, 2 daughters. Morton: Shaker Heights. 68. Married; 2 daughters, 1 son. Three brothers pooled $900 in 1940 to buy uncle's auto-parts shop. Found lucrative market niche for nuts, bolts, obscure auto parts to low-volume, high-paying customers. Went public 1960. Now leading distributor electronic components, maintenance products. Steadily growing business grossed $528 million 1988. "We're committed to quality" concept engenders high return on equity (averaged over 20% last 5 years). Private, civic-minded, charitable; supported Cleveland rejuvenation projects. Brothers' Premier stock, other holdings, exceed $890 million.

Charles C. Butt

Grocery stores. San Antonio. 51. Single. Baptist grandma founded grocery Kerrville, Tex. 1905, lived upstairs; sold no spirits. Son Howard renamed chain H.E. Butt Grocery 1935. Grandson Charles bagged groceries age 8; Wharton grad 1959. Moved brother Howard Jr. aside, took charge of firm. Texas-based company now $2.3 billion revenues, nation's largest privately held supermarket chain. With lawsuits resolved (predatory pricing suits cost estimated $2.75 million; wrongful termination suit by Mexican-American employees, $8 million), free to deal with more important problems. "The challenge is to get the price of Tide down." Company worth at least $300 million.

Victor Posner

Financier. Miami Beach. 71. Twice divorced, 4 children. Youthful investor Baltimore real estate; says made first million by 20. In 1960s began buying undervalued, asset-rich companies via complicated pyramid structure; at one time had stakes in over 40. Known as rapacious, abrasive corporate raider; captive companies lost money big while paying him huge salaries, etc. Never leaves home without bodyguards. Nailed by feds for tax evasion 1987. Sentence: set up $3 million program for homeless, do 5 years' probation with 5,000 hours working on project, serving food to street people. That'll teach him. Visible assets, years of loot believed over $295 million.

Kingdon Gould Jr. ★

Real estate. Laurel, Md. 65. Married, 9 children. Great-grandson of 19th-century capitalist Jay Gould. Grew up NYC, to Yale; then came WWII. Enlisted Army; 2 medals for bravery, twice wounded. Graduated from Yale Law 1951, to work at brother-in-law's Washington, D.C.

law firm. Left to start Parkinglot Management Inc. with Dominic Antonelli Jr. 1964. Early financial supporter Nixon; ambassador to Luxembourg 1969. Later major real estate owner, developer D.C., Maryland. Shuns publicity. Claims his Gould legacy under $1 million: "I'm descended from a branch that consumed theirs." Estimated net worth in excess of $290 million vigorously denied: "You publish at your own peril."

Arthur L. Williams Jr. ★

Insurance. Duluth, Ga. 47. Married, 2 children. Ex-high school football coach; started selling insurance 1967 to supplement income. Founded agency 1977 on maxim "Buy term, invest the difference." Sent swarms of agents out to convert others' whole life policies, sell mutual funds. Formed publicly held A.L. Williams Corp. 1981 to reinsure term policies of privately held A.L. Williams Agency; November 1988 stock swap got underwriter called Milico from Gerald Tsai's Primerica, which now has 69% of public co. Williams spends much time coaching his 190,000 term life insurance agents and 35,000 mutual funds vendors; worth at least $290 million.

George Leon Argyros

Real estate. Newport Beach, Calif. 52. Married, 3 children. Raised in Pasadena, decided early great wealth was his goal. Chose real estate: "If you work hard, it's one of the frontiers that are left." Contractor's license after college 1962; first subdivision 1963. First apts. 1968, now owns some 5,200 units. Also commercial and industrial space. Bought AirCal 1981 with William Lyon *(ubich see)*, turned around, sold for modest profit 1986. Paid $13 million for Seattle (baseball) Mariners 1981; proposed sale of team $76 million this year. Early motto, "Patience is for losers," somewhat adjusted: "Our eye is to the long run." Fortune $290 million.

William Alvin (Tex) Moncrief Jr.

Oil and gas. Fort Worth. 69. Married, 4 sons. "My father had a nose for oil." Son of legendary W.A. (Monty) Moncrief, Texas-born Oklahoma wildcatter. Four years of dry holes ended 1931; hit first big well in east Texas. Until 1986, when he died at 90, Monty had oil business from east Texas to Gulf of Suez. Father's remaining estate went to other family members. Tex has own operation; 1988 gas reserve find in Wyoming (possible 1 trillion cubic feet), oil and gas in the South bring in big money. At least 100,000 acres in Colorado, Texas. Enjoys his work: "I never take a long vacation." But when he does, relaxes on Colorado ranch, plays golf with John L. Cox *(ubich see)*. Fortune estimated at least $290 million.

Robert Donald Van Kampen

Real estate, bonds. West Chicago. 50. Married, 3 children. Dynamic bond salesman: "They called me 'the charger.' " Van Kampen Merritt one of first to offer insured tax-exempt unit trusts, 3rd largest (sponsor of $9 billion in trusts) when sold to Xerox 1984 for $185 million. Also, VMS Realty, as infla-

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tion, tax hedge. Cofounded with Peter Morris, Joel Stone 1981: aggressive syndicator tax shelters; after 1986 tax law, aggressive in ownership, management many properties: Portfolio now over $7 billion. Van Kampen's 40-acre estate stocked with elk, deer, other wildlife. Devout fundamentalist Christian. With family trusts, fortune estimated at least $290 million. *(See story, p. 44.)*

Chapman Shaw Root

Coca-Cola bottler, broadcasting. Ormond Beach, Fla. 64. Married; 5 sons, 1 daughter. Grandfather Chapman J. Root began Root Glass Co., Terre Haute, Ind. 1901. Created "the most perfectly designed package in the entire world," the Coke bottle, 1915. Growth through acquisition, established Associated Coca-Cola Bottling Plants Inc. as holding co. 1939; Root Co. had 58%. Grandson Shaw took control from 1950. Sold bottling operation to Coca-Cola 1982 for $417 million (his share $240 million). Founded Root Communications, owns 4 radio stations, 1 TV station. Also owns Daytona Hilton. Proceeds from sale, other assets, believed worth $290 million.

Orvon Gene Autry

Broadcasting, baseball. L.A. 82. Widowed, remarried; childless. Born Tioga, Tex ; raised Oklahoma ranch; learned cowboy's three Rs (ridin', ropin', ranchin') before he could read. Guitar-strummer discovered by Will Rogers ("Boy, you pick good") at Chelsea, Okla. railroad depot; became "Oklahoma's Yodeling Cowboy." From there, kiddie westerns, records, etc. Only individual with five stars on Hollywood's Walk of Fame: for movies, TV, radio, recording, personal appearances. Bought LA's KMPC radio 1952, others (7 radio/TV stations sold 1982-83); his Golden West Broadcasting now 4 radio stations, California (baseball) Angels. Net worth estimated $280 million.

David Graves Mugar

Inheritance, broadcasting. Boston. 50. Divorced, remarried; 3 children. Father Stephen (d. 1982) owned Star Market supermarket chain, sold out 1964. David, onetime firechaser/photographer, had grand passion: win local CBS affiliate's WNEV-TV license from RKO General. After 13 years' legal battles, financial wrangles, won prize 1982 for $22 million on $1.7 million equity. Made more profitable running *Wheel of Fortune*, etc. Rift with highbrow partners; bought out dissidents 1986. His 65% now worth at least $200 million. Got out of market before 1987 crash; only 25% back in. Fortune, with real estate, other interests, worth estimated $280 million.

Kenneth Nicholas Pontikes

Comdisco, Inc. Barrington, Ill. 49. Divorced, remarried; 3 children. Worked way through school as porter, Chicago Union Station: "Used my strong back." Quit as IBM salesman 1968, founded Computer Discount Co. 1969; now world's largest independent lessor of computers: "We weren't first in the field, had no gimmick, but learned from others' mistakes." Moving into other high-tech equipment: communications, medical, "broadening services that we offer." With budgets tight, leasing popular: "We are asset managers for our customers." Backs Chicago Better Boys Foundation. Stock, other assets worth $280 million.

Leonard Litwin

Real estate. NYC. 73. Married, 2 daughters. Started in father's landscaping business on N.Y.'s Long Island (nurseries now valuable real estate, but horticulture still his hobby). Lenny pioneered building high-rise apartments on Manhattan's Upper East Side; now owns at least 3,700 prime NYC rental units. Bucking co-op trend: "Everybody who has a job in New York can't spend $500,000 on a co-op." Also Manhattan office space. Lenny mostly an unknown quantity; avoids press. Colleague: "He operates like an old-fashioned real estate man." Manhattan apartments, other, worth at least $280 million.

Johnnie Bryan Hunt

J.B. Hunt Transport Services, Inc. Goshen, Ark. 62. Married, 2 children. Arkansas sharecropper's son, quit school in eighth grade to help support family. WWII infantry; livestock auctioneer, drove truck for 21 years. Made big money 1962: adapted rice hulls as poultry litter (ground cover for chicken houses). Invested returns in sideline: bought trucking company; prospered with deregulation. Sold chicken litter business, went public 1983. Now the largest independent truckload carrier, 1988 revenues $390 million. Has one of lowest driver turnovers in industry. Wife and son work in company. Also has Ark.-based bank holding company. Stock, other assets, worth at least $280 million.

Fayez Shalaby Sarofim

Money management. Houston. 60. Married, 5 children by wife seeking divorce. Egyptian-born son of wealthy landowner; Harvard M.B.A. Joined Anderson Clayton 1951; worked on pension fund management. Launched Fayez Sarofim & Co. 1958 with father's $100,000; now manages $15 billion assets. Naturalized 1961; married into prominent Texas family. Made name spotting oil bargains: owlish, ever bullish; 75% in stocks. "The value of a stock isn't necessarily the number in the newspaper." Early investor Teledyne with George Kozmetsky, Henry Singleton *(see both)*. His 72% of firm, large personal portfolio worth some $280 million—pre-divorce.

Nan Tucker McEvoy

Publishing. San Francisco. 70. Divorced, 1 son. Granddaughter of *San Francisco Chronicle* founder, Michael H. de Young (d. 1925; *see family*). Nan, former journalist, Peace Corps administrator, founder abortion clinic; inherited largest share Chronicle Publishing from mother, family matriarch Phyllis de Young Tucker, last of Michael's children. Some shares believed passed to Nan's son: "You hate to have them think, 'Well, when will good old mother die.' " Initially uncertain of ability, now chairman, confidently involved in all major decisions; well liked by employees. Plans to maintain family control. "We want to go on reasonably the way we are." Est. net worth $275 million.

GREAT FAMILY FORTUNES

Some major U.S. families have fortunes already so divided that no individual among them qualifies for The Forbes Four Hundred. This listing is extensive but not intended to be as complete as our listing of the richest individuals in America. Think of most as the significant echoes of persons who would have been members of The Forbes Four Hundred if it had been compiled in earlier decades, or as families still building.

Family Fortunes

Andersen

Bayport, Minn. Heirs of Danish immigrant Hans Jacob Andersen, arrived Portland, Me. 1870. First words in English, "all together boys," became company motto. With sons Fred and Herbert, founded Andersen Lumber Co. 1903 Hudson, Wis.; revolutionized building industry 1904: standardized wooden window frames with interchangeable parts. To Bayport 1913; signed first profit-sharing checks only hours before death. Fred took over, pushed advertising: "Only the rich can afford poor windows." Privately held Andersen Corp. nation's largest window, patio-door maker (sales near $1 billion). Last reported profit-sharing plan 1987; split $106 million among employees (average check: $28,600). No Andersens active in daily management, but 4 serve on board; family's 70% worth at least $500 million.

Annenberg

NYC. Five daughters of Moses Annenberg (d. 1942), founder of Triangle Publications. Estate divided among 7 daughters and son Walter *(which see)*. Triangle's golden goose, *TV Guide*, provided very decent income; but $3.2 billion sale 1988 was bonanza for Esther (Mrs. Leo Simon), 88; Janet (Mrs. James Hooker), 85; and Lita (Mrs. Joseph Hazen), 80, who made about $185 million apiece from sale. Sisters Enid (Mrs. Ira Haupt) and Evelyn (Mrs. Melville Hall) cashed in most of their Triangle stock years ago. Children of 2 deceased sisters also have small stake. Five sisters share fortune estimated well over $760 million.

Bacardi

Puerto Rico, Miami et al. Descendants of Don Facundo Bacardi (b. 1816), Spanish-born wine merchant, immigrated to Cuba 1830; started distilling "civilized rum," formed Bacardi Co. 1862. Now world's most popular alcohol, over 21 million cases shipped, estimated 80% of rum market. Family prominent in historic events: liberation of Cuba, invention of daiquiri. Generations of Bacardis work in maze of mostly private companies: Bacardi Co. of Puerto Rico sells to Bacardi Imports of Miami; both pay royalties to Bacardi & Co., Ltd. in Bahamas. Bacardi brand still strong in brave new world of health consciousness. Some 500 family members have interest in business worth over $1 billion.

Bean (Gorman)

Freeport, Me. Descendants of Leon Leonwood Bean (b. 1872), sportsman, founder L.L. Bean, Inc. Sick of cold, wet feet, put rubber bottoms on leather shoes. Ninety of first 100 pairs were returned defective; introduced L.L. Bean guarantee, still in effect. Maine's first hunting licenses 1919 inspired first-ever direct-mail marketing campaign. Incorporated business 1934; sales passed $1 million mark 1937. "That wasn't bad for a boy who never got through the eighth grade." Today's president grandson Leon Gorman, 54; at first encouraged advertising, further developed women's line; now scaling back expansion goals to protect quality, service. 1988 sales, $588 million. Fifteen descendants believed to control company worth well over $600 million.

UPI Bettmann

Henry Ford II driving the millionth 1949 Ford automobile out of the plant. Henry II took charge of a nearly derelict company in 1945 when it was losing a million dollars a day. In one of the great turnarounds in American business history, he rebuilt it into a worldwide industrial powerhouse.

Belk

Charlotte, N.C. Descendants of brothers William H. and John Belk, who opened N.C. general store 1888. Did not allow credit, bought out competitors who did at discount during Depression; from 29 stores in 1920, extended empire to present 340 stores. "I don't reckon we got a system, we just sell goods." Philosophy updated in 1960s: Belk Stores Services division tightened, centralized; in effect, serves as corporate office. About 25 descendants share ownership with local owner-partners. Family known for internecine feuds, lawsuits. William Henry Jr. ousted as chairman 1950s; tried, failed to thwart brother John's Charlotte mayoral career (1969-77). John chairman of BSS, brother Tom president. Family's share of business worth at least $360 million.

Belz

Memphis. Three generations in real estate. Philip, 85, emigrated from Austria 1910 with mother at age 6. Partner with brother-in-law in dry goods business. Banker friend, noting extra land, suggested Belz let bank show him how to finance, develop. From that acre to real estate empire: over 15,000 acres Shelby County alone. Expansion in Nashville 1970s. Family rarely sells, little debt. Early developers industrial parks. Also motels, shopping centers, office buildings, apartments, farmland, off-price outlet malls. "Uncle Philip" to employees; others know him as "damn hard negotiator—but always keeps his word." Frustrated opera singer (friend Robert Merrill told him to forget it). Two sons killed in plane crash 1963; third son, Jack, 61, MIT grad, now runs firm with third generation. Jack's son, Marty, heir apparent. Fortune believed over $350 million.

Bingham

Newspapers. Descendants of Robert Worth (Judge) Bingham, lawyer, mayor of Louisville, ambassador to Britain. Married Mary Lily Kenan Flagler, one of nation's richest

women, 1916; bought majority interest in the *Courier-Journal* and *Louisville Times* for $1 million 1918, one year after wife's mysterious death. The newspapers supported liberal views; died 1937. Youngest son Barry Sr. took over, bought out siblings, added broadcasting. Paper won 7 Pulitzers during his tenure. Son Barry Jr. took over as editor, publisher 1971. Power struggle among surviving children forced Barry Sr. to step in and orchestrate sale 1986; the newspapers were sold for $300 million, the broadcast interests for over $100 million. Daughter Sallie wrote scathing, tell-all family story. At least 13 family members share fortune estimated, net of taxes, etc., over $350 million.

Brown

Louisville. Heirs to George Garvin Brown, who established JTS Brown & Brother with cousin 1870, distilled Old Forrester Whiskey. Became Brown-Forman 1890: Jack Daniel's; Southern Comfort; Korbel brandy; Bolla and Cella Italian wines. Still family company, likes to hire employees' relatives. Lately diversified into "lifestyle products": Lenox china, crystal, jewelry (bought 1983); Hartmann Luggage; Athalon (sports bag and soft luggage producer). Family holds majority of management positions as part of "planned nepotism" policy: each Brown family member must hold at least 2 degrees before joining the company. Family stock worth $1 billion.

Bullitt

Broadcasting. Seattle. Pioneer C.D. Stimson amassed Seattle-area timber, real estate interests early 1900s (d. 1929). Daughter Dorothy stepped in to manage on death of her husband (A. Scott Bullitt, prominent politician) 1932. Out of boredom, bought radio station 1947, then area's first television station 1948: "The station came before the sets." King Broadcasting now 6 television stations, 6 radio, 200,000 cable subscribers. Dorothy rafted Colorado rapids at 85 (d. 1989 at age 97). Daughters Priscilla (Patsy) Collins, 68, Harriet S. Bullitt, 64, run company. Son Stimson, 69, manages Harbor Properties real estate; has no share in family's 77% of King Broadcasting. Family believed worth over $600 million. Patsy: "Someone decides they want to buy us every week. Those letters go right in the wastebasket."

Cabot

Boston area. Descendants of shipbuilder John Cabot, immigrant from isle of Jersey 1700. Family privateers during American Revolution; profited from international trade, marriages. Godfrey Cabot joined brother Samuel in carbon black business 1882. Son Tom, 92, took charge 1920, retired 1960: "We're proud of what we've accomplished in the world." Cabot Corp. now world's leading producer of essential ingredient in rubber, plastics and ink. Sales 1988, $1.6 billion. Distinguished family: Henry Cabot Lodge, former senator, U.N. ambassador; Walter Cabot, manages Harvard endowment fund. Three first cousins: Louis Wellington Cabot, 68, director (retired as chairman 1986); John M. Bradley, 66, director; John G.L. Cabot, 54, executive vice president. Fifth generation of family shares 30% Cabot Corp. worth at least $315 million. Believed company would be worth twice as much if liquidated; Cabots not selling. Restructuring: sold metals business 1987, some energy interests 1989.

Campbell

Hawaii et al. Progenitor James Campbell left Ireland as 13-year-old stowaway to join brother NYC 1839. After 9 years South Seas adventure, arrived Hawaii to settle down 1850. Started sugar plantation, purchased "worthless" arid land with profits. Used artesian wells to irrigate, creating value: dubbed "Kimo Ona-Milliona" (James the millionaire). Estate today owns almost 80,000 Hawaiian acres, diversifying to mainland shopping centers, office buildings. Committed to preserving agriculture on Hawaii; Nature Conservancy to help maintain delicate lands. Potential seen for extraction of geothermal energy. Last surviving daughter, Beatrice Campbell Wrigley, died 1987; trust dissolves 2007. Known value family holding near $700 million.

Cargill/MacMillan

Origin: Minneapolis. Founder William W. Cargill, son of Scottish sea captain. Born Long Island, moved west, set up Cargill, Inc. predecessor 1865, quickly overtook grain-trade competition. Neighbor John Hugh MacMillan married Cargill's daughter 1895, became company president when William died 1909. MacMillans more active in what is now largest private company in U.S. (1988 revenues, over $38 billion): world's largest commercial grain trader; in U.S., believed second-largest U.S. grain and oil seed processor after Archer Daniels Midland; 312 businesses in 56 countries. Reputed best crop-market intelligence in world. Cargill and MacMillan families own 85% of company: 3 main branches hold 75% worth at least $4.8 billion. *(See individual Cargills, MacMillans, Keinath, Pictet.)*

Chandler

Los Angeles et al. Times Mirror Co. Descendants of Harry Chandler (d. 1944); began as an ambitious clerk at the *Los Angeles Times* in the 1880s. Married daughter of Harrison Gray Otis, owner, and rose from clerk to chairman. Became real estate and media tycoon, savvy marketing strategies helped Chandler to defeat rival papers. Co. diversified under family: 8 dailies including *Newsday*, *Baltimore Sun*; 12 magazines including *Field & Stream*, *Popular Science*; broadcast, cable TV; professional information and book publishing. Revenues 1988, $3.3 billion. No family managers since grandson Otis stepped down as editor-in-chief in 1986. Family's Times Mirror stock worth $1.7 billion.

Clark ★

Cooperstown, N.Y. Descendants of Edward Clark (1811-82), lawyer, helped Isaac Singer market sewing machine 1850s. Came to own 40% Singer Manufacturing Co. Built the Dakota, landmark NYC building. Fortune to surviving child Alfred (d. 1896); then to Alfred's 4 sons, including racehorse owner F. Ambrose, art collectors Stephen and Robert. Family generous to Cooperstown, started Baseball Hall

of Fame 1939, other museums, hospital, big hotel, golf course, town gym, large private foundation. Three sons died heirless. Family leader: Stephen C. Clark Jr., 78, only surviving great-grandchild. Niece Anne Labouisse Peretz, 51, co-owner *New Republic* magazine. Nephew Alfred, 46, has own NYC investment co. Trusts, prudent investment by NYC-based Clark Estates Inc. responsible for intact wealth: About 12 Clarks share fortune worth more than $350 million. Equivalent amount in foundations.

Close

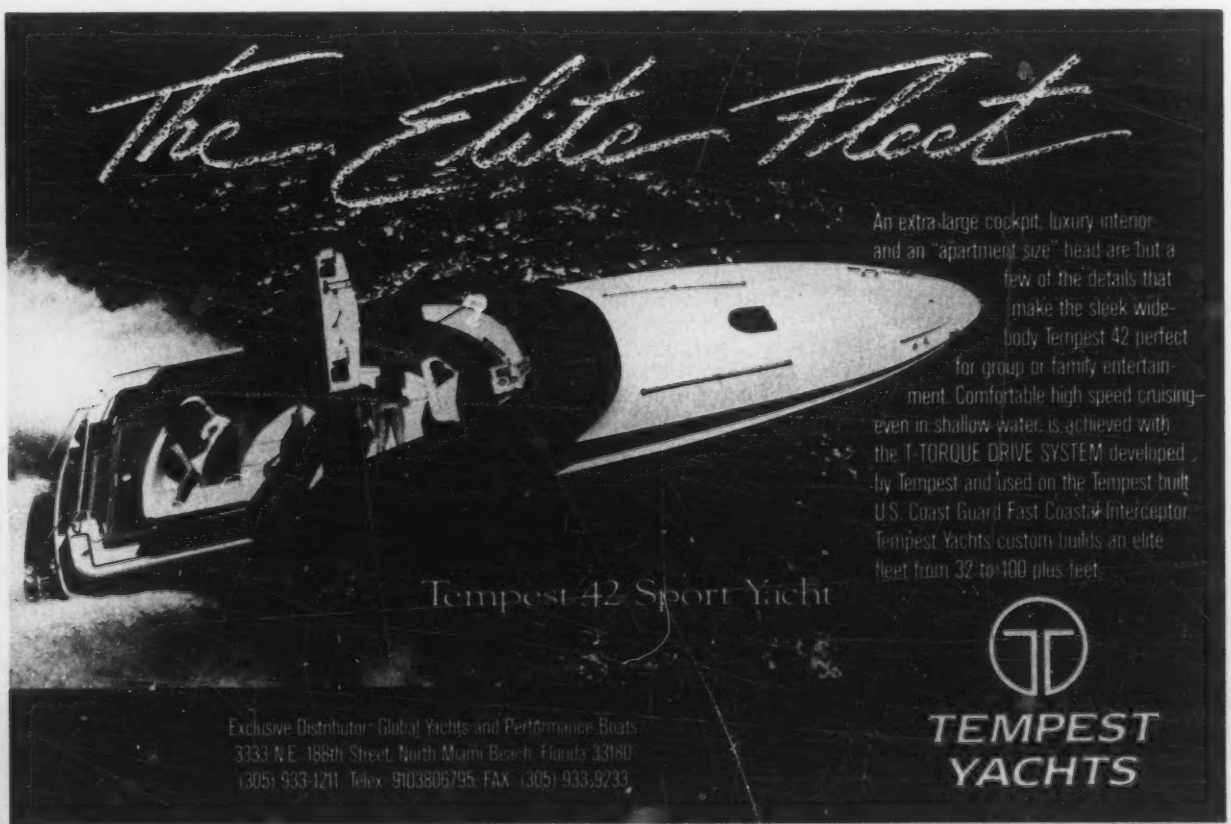
Fort Mill, S.C. Colonel Leroy Springs founded 250-loom Lancaster Cotton Mill 1895, took over Fort Mill Manufacturing Co.; second wife Lena first woman nominated for U.S. Vice President, 1924. Son Elliott White Springs, WWI ace, inherited 5 cotton mills from father 1931. Masterminded famed ad campaign—"A buck well spent on a Springmaid sheet"—that wowed them in 1950s. Died 1959; son-in-law, H.W. Close, took over (d. 1983). Springs Industries one of nation's largest manufacturers sheets, pillowcases, etc. (1988 sales, $1.8 billion). Mrs. Crandall Close Bowles, 42, sole family director; runs family businesses: Springs Cos. (management company), real estate, insurance, railroad. Mother, Anne Springs Close (daughter of Elliot), Crandall and 7 siblings share 58% Springs Industries stock. Fortune estimated at least $450 million.

Cohen

NYC area. Mortimer Cohen forsook optometry to join brother Edward retailing men's clothing; younger Sherman expanded across Virginia while brothers served in WWII. Trio sold out, headed to NYC; bought Yonkers, N.Y. Oldsmobile distributorship 1949. Began building apts. in suburbs; then went for big time in NYC, switched to office space 1970. Scored buying land on then neglected Third Avenue; now control nearly 4 million sq ft.; traded 6 properties for 3 prime Manhattan office buildings during office glut 1977 ("the most ingenious deal of the year"). Litigious Cohens tagged "difficult"; "We had to crack the whip—everybody does." Recently completed office tower around holdout tenant. Sherm, 64; Ed, 68. Sherm's only son, Charles, 37, president; shares ownership. Mort's widow, Estelle, shares in some properties. Family worth minimum of $450 million.

Collier

Naples, Fla. Descendants of Memphis-born Barron Gift Collier, who quit school at 16, worked for railroad, sold and lit Memphis street lamps. Made it big selling trolley car ads nationwide. Came to southwest Florida 1911, eventually bought 1.3 million acres land: note Collier County, Collier Creek, etc. Died 1939. Current heirs have divergent business philosophies. Empire split with coin flip 1980. "It is not without its complexities," but "there are no feuds." Created 2 companies. Collier Enterprises: Miles, 42, single. Columbia M.B.A., favored "high-risk" investment, "managing partner," active devel-



oper, venture capitalist, financier; controls 72,000 acres agriland, 2,800 acres Naples, 5,900 acres citrus groves. Acquired Oklahoma City's Local Federal Savings & Loan 1988. Mother Isabel Collier Read controls 50%, brothers Barron II, 38, and Miles control the rest. Barron Collier Co.: other half of family. Developer; owns 72,000 acres agriland, 5,000 acres in Naples, approximately 10,000 acres citrus groves. Company run by Lamar Gable, Barron Collier Jr.'s stepson; over 15 Colliers share this portion. Jointly, family will swap 114,000 acres swampland and $38 million for 80 acres federal property downtown Phoenix, approved by Congress in 1988. Also, share large ranch and control about 1 million mineral acres. Sold Naples *Daily News* 1986 for $160 million. Total Collier family fortune estimated worth over $1.5 billion.

Coors

Golden, Colo. Descendants of German immigrant Adolph Coors, who founded small beer company 1873. Today has world's largest brewery under one roof; company nation's fourth-largest brewer. Also industrial ceramics, aluminum, packaging materials. Went public 1975; family controls all voting stock, 54% of nonvoting. Two grandsons, William and Joseph, built company; antigay, antiminority, antiunion policies created controversy, 10-year union-inspired national boycott ended 1987 when company agreed to unionize. Great-grandsons (Joe's sons) Jeff and Peter run day-to-day, mend public fences, build marketing in intensely competitive beer market. Buying Stroh breweries *(see family)* for reported $420 million. Next: new lower-price beers—Keystone, Keystone Light. Family stock worth over $435 million.

Cowles (Gardner)

Minneapolis, Des Moines et al. Descendants of Gardner Cowles Sr., who put $110,000 into feeble *Des Moines Register* 1903, added evening *Tribune*, built respectable monopoly (d. 1946). Son John Sr. (d. 1983) pulled same trick with *Minneapolis Star* 1935; son Gardner (Mike) Jr. (d. 1985) founded *Look* magazine. Sold Florida papers, *Family Circle*, others to New York Times Co. for 23% of its stock 1971. Restless heirs forced more sales: Cowles Broadcasting to Oveta Culp Hobby *(which see)* 1984, *Register* to Gannett for $200 million 1985. Grandson David Kruidenier, 67, chairs thinly traded Cowles Media, now 4 dailies, 11 weeklies; fought sales "but we got a good price." Over 70 heirs with 75% of Cowles and other investments believed worth more than $800 million.

Cowles (William)

Spokane. Descendants of William Hutchinson Cowles, *Chicago Tribune* heir (also distant relative of Gardner Cowles, *see above*), "police reporter" with Yale Law degree; moved West 1891, bought into Spokane *Spokesman-Review*. Gained control 1894, bought rival *Chronicle* 1897. Invested in timberland, started Inland Empire Paper Co. William Jr. added radio 1946, TV 1952. Now grandsons: James, 55, manages real estate, including downtown office space; William III, 57, publishes papers, races sailboat. Brothers dominate local media (TV, radio, monopoly newspaper) but don't talk to reporters. Banker friend: "They don't want the community to feel they're running things." Eight heirs share Cowles Publishing, large stake in Tribune Co. and other assets worth $430 million.

Cullen

Houston. Descendants of Hugh Roy Cullen, legendary wildcatter who dropped out of fifth grade; took $3/week job at San Antonio candy factory. Successful Oklahoma cotton buyer by early 20s. Moved to Houston 1911, bought real estate on Ship Channel. Started oil business in his 30s. There is life after 40: first strike 1921, age 40. Persistent: drilled deeper on abandoned fields. "If you can't make a living working 8 hours a day, work 12, 18 or 24 hours. That's what I did." Oil rig accident 1936 took life of only son. Gave away $200 million in will. Five branches, one for each daughter (2 deceased), still have Quintana Oil, with immense gas and oil reserves, run by publicity-shy family executives. Ten-year litigation waged by grandson Baron Ricky di Portonova to capture larger share of fortune, lost 1984; getting by on mere $10 million per year. More than 20 family members now share interest in fortune worth at least $1.3 billion.

Davis

Jacksonville, Fla. et al. Descendants of William Milton Davis, founder Winn-Dixie grocery stores. Bought first store with $10,000 in 1925; put 4 sons (1 deceased) to work at earliest possible age. Co. grew through acquisition; 1955 name changed: "To win Dixie was our ambition." Today Winn-Dixie 5th-largest U.S. supermarket chain: 1,246 stores in 13 states, revenues $9 billion. Largest nonunion grocer: liberal retirement, insurance plans; encourages employee ownership. Management shuffle: A. Dano chairman 1988, cousin Robert stepped down to look after other family interests. W-D pushing marketing, pricing in competitive Sunbelt. Family's 38% Winn-Dixie, 52% American Heritage Life (insurance) worth some $945 million.

Dayton

Minneapolis. Descendants of George Draper Dayton, banker who counted traffic before buying land for Dayton's Department Store 1902. Lured customers with outrageous promotions, advertising. Spectacular merchandising under son, George Nelson Dayton, from 1938: dancers, circuses, cheerleaders. G.N. raised 5 sons in Calvinist work, family ethic. Brothers, led by Bruce, took over 1950, built family store into national chain. First enclosed mall, Southdale, Minn. 1956. Last brother retired from management 1983: "We did keep the ship afloat." Bruce's son Mark Democratic nominee for Senate 1982: Record spending failed to win election; eyeing 1990 run. Family active in charities, Minneapolis affairs. Family wealth exceeds $1.3 billion.

de Menil

Houston et al. Descendants of physicist Conrad Schlumberger, who developed first "well logging" device 1920s. Bonanza for oil exploration—fine-tuned location, depth of underground oil. U.S.S.R. first country to try Schlumberger, Ltd. products. (Conrad, a socialist,

pleased.) Company predominant in field over half-century. Daughter Dominique resettled with husband John de Menil in Houston WWII (headed Schlumberger 1967-70; d. 1973). Has "brilliant" eclectic art collection (over 10,000 works); built $27 million museum to house part of collection 1987. Five children have substantial art collections of their own. Dominique and family have fortune estimated over $400 million.

de Young

San Francisco et al. Descendants of Michael H. de Young, who founded the *San Francisco Chronicle* with brother Charles 1865. Initially began as theater guide post-Gold Rush. Built newspaper famed for slander, scandalous reporting: Mayor's son shot Charles dead 1880; Michael was shot 1884; he survived. Both defendants acquitted. Family signed nation's first newspaper joint operating agreement, with Hearst *Examiner* 1965, costs *Chronicle* 50% of all profits. Acquired Worcester (Mass.) *Telegram & Gazette* 1986 for est. $250 million. Now 6 dailies, 3 TV stations, cable (280,000 subscribers). Great-grandson Richard Thierot, 47, president of co., editor-in-chief, publisher of *Chronicle* since 1977, but cousin Nan Tucker McEvoy *(which see)*, chairman, has largest share, 25%. Nineteen heirs (excluding Nan, her son) control two-thirds of Chronicle Publishing, worth est. $810 million. Papers tamer: No one being shot at.

Dikeou

Real estate. Denver and Orlando. Pronounced "D-Q." Greek immigrant father Panayes ("Pete," d. 1977) arrived 1921, founded wholesale popcorn co., candy and tobacco distribution co. with brother. Switched to more lucrative real estate with $2,200 Denver land purchase 1942. Strategy: Buy small parcels well-situated downtown, be last holdout in large-tract deals. Now Dikeou Realty 20 prime acres downtown Denver, 17 Florida shopping centers, most in Orlando. Sons George, 58, John, 53, handle Denver operation; Deno, 51, runs Florida office. Growing: 4 new centers nearly done, 3 breaking ground. Deno: "I can't take credit for success, I'm just getting carried along with the strong economic thrust." Owns minor league Denver (base-

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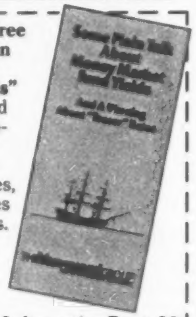

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ball) Zephyrs; predicts big league to hit Denver next 3 years. Net worth estimated $330 million.

DiLorenzo

NYC. Descendants of Alex DiLorenzo Jr., Brooklyn pharmacist-turned-landlord and neighbor of Sol Goldman *(see widow Lillian)* 1930s. Formed partnership to buy Brooklyn apt. house 1951. Goldman-DiLorenzo Properties grew into NYC's largest landlord, then lost 40% holdings in 1973-74 NYC real estate crash, including Chrysler Building. Alex died 1975, parcels split by coin flip. Alex III: "There were a lot of properties and a lot of problems." DiLorenzo Properties now nearly 400 properties, mostly small commercial "taxpayers." Owns landmark Washington Mews area in NYC's Greenwich Village. Alex III runs show with sister, mother (brother Marc an up-and-comer); worth at least $500 million.

Disney

Los Angeles area. Heirs of Walter Elias Disney (d. 1966). Gifted cartoonist educated at Chicago art school. Arrived Hollywood with $40 in 1923. Cartoons for New York company starring Oswald the Lucky Rabbit, animated creation of Walt and brother Roy. Idea for Mickey Mouse born 1928; wife chose name over Walt's original idea, Mortimer Mouse. Today, The Empire Mickey Mouse Built: cartoons, invaluable copyrights, theme parks, movies, the Disney Channel, and Walt's "last great vision": Epcot Center (world of the future). Royalties from Tokyo Disneyland. Makes Bass brothers *(which see)* very happy. Also Walt's widow Lillian, daughters Sharon, Diane: They control Disney stock worth $850 million.

UPI/Bettmann

Henry Ford II and his first wife, Anne McDonnell Ford, taking dancing lessons, it would seem, from Gary Cooper at an Arabian Nights party in Southampton, N.Y., 1955.

Donnelley

Origin: Chicago. Scattered heirs of Richard R. Donnelley, Canadian saddlemaker's apprentice who went to Chicago, built small print shop 1864; ruined in Great Chicago Fire 1871; rebuilt by family into R.R. Donnelley & Sons. Son Reuben H. Donnelley established publishing firm; produced Yellow Pages, sold to Dun & Bradstreet in 1961 for $80 million in stock. Meanwhile, family company grew into nation's largest commercial printer (1988 revenues, $2.9 billion); serves Time Inc., *New Yorker*, *Newsweek*, etc., etc. Nonunion but pays union-scale wages; wins contracts because free of threat of strikes. Expanded into mailing lists, mail-order catalogs, books, financial printing. Grandson Gaylord, 79, now honorary chairman, owns largest individual stake worth $190 million. James Donnelley and cousin Charles C. Haffner III only family on board. Seventy-five descendants share over $1.1 billion.

Duda

Oviedo, Fla. Czech immigrant Andrew Duda (d. 1958) left Cleveland, arrived Fla. 1911 to start religious farming community; went broke and back to Cleveland 1916. Returned 1926; planted 10 muckland acres of celery, plowed profits back into company: "It was a good investment." Three sons: John (d. 1988), Andrew Jr. (d. 1986), Ferdinand, 79 (none went past 9th grade). Brothers planned retirement, company passed smoothly to third generation 1977. A. Duda & Sons today: $192 million sales, 115,000 acres; one of nation's largest vegetable growers. Also real estate development. At least 60 family members share land, citrus, vegetable empire worth $350 million. Family friend: "They're just plain people; they drive Jeeps like everyone else."

Heirs of Pierre Samuel du Pont II

Wilmington, Del. Descendants of Pierre Samuel du Pont de Nemours (1739-1817), French Physiocrat

who fled revolutionary Terror for America 1800. Son Eleuthère Irénée, chemist's apprentice, founded gunpowder factory on Brandywine Creek 1802. Company and family prospered, dominated Powder Trust of late 1800s. After family schism over control, Pierre S. du Pont II emerged as leading figure 1915. Lucrative World War I munitions contracts led to despised sobriquet "Merchants of Death." Founded Christiana Securities as family holding company for Du Pont (merged into Du Pont 1977). Rescued nascent General Motors 1920s, about one-third interest. Also Hercules Powder Co., U.S. Rubber (later Uniroyal), etc. Childless, Pierre divided bulk of fortune among siblings, nephew bef[illegible] death 1958. His family branch bui[illegible] up Wilmington Trust Co. Dissident branches established Delaware Trust Co. *(see William du Pont family)*. Numerous descendants of Pierre II siblings still control over 15% of Du Pont, the wealthiest du Ponts by far. This branch (including listed individuals) estimated to be worth over $8 billion.

du Pont (William)

Wilmington, Del.; Boston; Florida; Wyoming. Children of William Jr. (d. 1965). William Sr. (d. 1928) ostracized from family for divorce early 1900s. On wrong end of battle for Du Pont 1915; founded Delaware Trust to escape Pierre's Wilmington Trust *(see other du Ponts, family)*. Retained huge holdings Du Pont stock, now held by grandchildren: Henry Eleuthère Irénée, 62, born William Henry, changed name 1973. Sued, with brother John, to block bequest of aunt Marion du Pont Scott (d. 1983) leaving Montpelier (estate of James Madison) to national historic trust. Henry wanted to live there; lost. His adopted children sued to inherit despite will leaving everything to lineal descendants of grandfather; they lost. Impenetrable trusts safeguarded Henry's inheritance from business losses. Jean Ellen (Mrs. William Mason Sheehan) and John sold their 25% controlling interest in Delaware Trust 1981. Henry, Jean Ellen, Evelyn, John et al. share fortune estimated at least $830 million.

Ford

Grosse Pointe, Mich.; NYC et al. Descendants of Henry Ford, devel-

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Call-In-Absence Indicator	Yes	No
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MOTOROLA

oper of mass-produced automobile; founder Ford Motor Co. Built to preeminence, lost lead to General Motors when sales tactics became bigger edge in marketplace than production. Only son Edsel died 1943. Grandchildren: Josephine, William *(see both)*, Henry II, Benson. Henry II called back from Navy in WWII to replace his father at moribund Ford; backed by mother and grandmother, pressured grandfather to pass control 1945; turned $8 million loss to $260 million profit 1950: "I never had any doubts that it could be done." Ran firm autocratically until 1980 amid rocky personal life, progressive social work. Fed up with Ford Foundation's anticapitalist bias, quit 1977 (d. 1987). On handling adverse publicity: "Never complain, never explain." Left widow, 2 daughters, son Edsel II. Edsel, 40, Ford director, sales manager for Lincoln-Mercury. Widow Kathleen awarded $10.5 million a year from Henry's estate. Benson (d. 1978) left 2 children. Rebellious Benson Jr. sued for control father's estate, board seat. Now reconciled, working at Ford. Family, including William Sr., Josephine *(both of which see)*, control 35 million shares; 40% voting stock; total visible family holdings worth $2 billion.

Gore ★

Gore-Tex. Newark, Del. Patriarch Wilbert L. Gore, Du Pont employee working on Teflon in 1957, saw major possible applications; word down from top management: Du Pont sells Teflon, not final products. With company blessing, formed own company with wife, Vieve, on Jan. 1, 1958 (their 23rd wedding anniversary) to explore market opportunities for Teflon. First commercial Gore-Tex product, joint sealant. Then vascular grafts. Then waterproof fabric. Astronauts on moon wore Gore-Tex space suits. Son Bob, Ph.D. chemical engineering, joined W.L. Gore & Assoc. 1963, took over 1975; father died 1986. Applications proliferate: supercomputers, filtration devices, insulation, arteries, chemical warfare, etc. Vieve still comes in to work; Bob's wife pumps her own gas. All like Du Pont. Family's interest worth over $500 million.

Gund

Cleveland origin. Harvard Business School grad George Gund Jr. (d. 1966) created fortune for his 6 children. Shrewd business mind; bought decaffeinated coffee firm 1919; sold to Kellogg 1927—now Sanka at General Foods. Liquidated family brewing company during Prohibition; expanded real estate holdings; bought bargain-rate Cleveland Trust stock, became president 1941. Sons George III, Gordon own NBA Cleveland Cavaliers, NHL Minnesota North Stars, stadiums. George owns ranchland in Nevada, Gund Plaza in Port Angeles, Wash. and Nationwide Advertising Service Inc. Gordon, blind from retinitis pigmentosa—National Chairman, R.P. Foundation Fighting Blindness—venture capitalist, Princeton, N.J. Agnes Saalifield, NYC, modern art collector. Brother Graham, famous Boston architect, serious art collector. Together, 6 worth over $1.1 billion.

Haas

SF. Walter Haas Sr. (d. 1979) married Strauss grandniece, ran Levi Strauss & Co. 1928-55. His wife's great-uncle, Levi Strauss, Bavarian bachelor, immigrated to U.S. 1853; sold jeans cut from canvas to California Gold Rush miners. Walter Jr. (now 73) took company public 1971. U. of California 1937, Harvard M.B.A. 1939. Major Quartermaster Corps WWII. Owner, Oakland A's. Married, 3 children, 6 grandchildren. Son Robert, 47, Levi Strauss Chairman and CEO, took co. private 1985 in billion-dollar leveraged buyout. Reduced debt by 58% while driving sales to $3.12 billion. With Levi Strauss and Oakland A's, extended family's holdings worth $700 million.

Haft

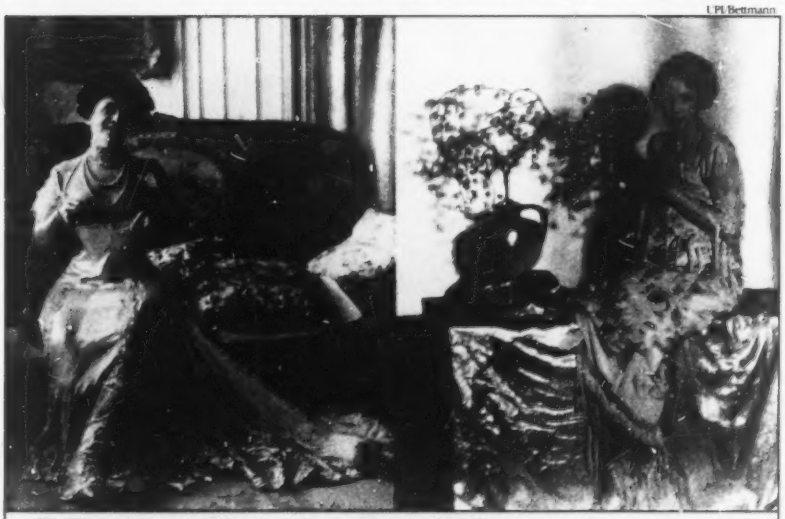
Washington, D.C. Father Herbert, 69, began with drugstore purchase 1954. First to discount prices; angry competitors sued but lost in Supreme Court. "He paved the way for discount merchandising in the U.S." Family-owned Combined Properties developed shopping centers when prohibited from leasing space in existing malls. Took public 1960, sold 77-store chain to Dart Drugstore managers for $160 million 1984. "We felt the industry was changing, and we were right." (Chain into Chapter 11 in 1989.) Hafts' Dart Group owns 53% Crown Books, 68% Trak Auto; serves as vehicle for takeover attempts (Federated, May Dept. Stores, Jack Eckerd Corp., Safeway Stores Inc., Supermarkets General Corp., Stop & Shop Co.). Bought 50% regional supermarket chain, Jumbo Food Stores Inc., 1988; pouring money into existing interests: "Takeovers are old stories." Son Robert, 36, president Dart, CEO Crown Books. Harvard M.B.A. grad, at 24 launched Crown Books (now over 200 stores). Daughter Linda, 38, exec. VP Dart's financial arm. Son Ronald, 30, runs Combined Properties. Family fortune estimated over $400 million.

Haseotes ★

Cumberland Farms convenience stores. Massachusetts. Greek immigrants Vasilios and Aphrodite arrived U.S. at turn of century. In 1939 bought small farm in Cumberland, R.I., sold milk door-to-door. With 8 children and new merchandising concept, opened "jug milk" store in Bellingham, Mass. 1956, selling directly to public. Proved successful; other products added; also processing, manufacturing, distribution. Added gasoline pumps 1971; bought Gulf's Northeast stations 1986. Company now largest privately held convenience store chain in U.S.: 1,100 convenience stores, 3,900 gas stations serviced. Eldest son, Demetrious, director; Lilly Haseotes Bentas, president and chairman. With real estate, family's worth estimated over $600 million.

Hillenbrand

Batesville, Ind. et al. Descendants of John A. Hillenbrand, son of German immigrant who founded lumber co. 1884; expanded into hardwood funeral caskets. Developed, marketed first airtight, waterproof casket. Also produced first special electronic hospital beds under Hill-Rom Co. name. Died 1958. Lately growth through acquisition: American Tourister luggage 1958; Medeco Security Locks 1984, SSI Medical Services 1985. Co. uses only



Mrs. George Gould dressed in the height of fashion, circa 1905, including a half-million-dollar pearl necklace, and her daughter-in-law, Mrs. George J. Gould Jr., about twenty years later, when pearls were going out of fashion.

internal funds to finance new business ventures. Launched insurance division (the Forethought Group) 1986, today 12% of revenues. Daniel, 66, stepped down as CEO 1989, replaced by nephew W. August, 49, president. Family's 63% worth $895 million.

Hixon

Pasadena. Joseph Hixon secured family fortune with major investment in AMP stock; increased holdings to 45% by 1959; company now leads world in manufacture of electrical connectors vital for computers, appliances; proving American firm can compete globally in commodity-product components. Current generation merged family holding company Midland Investment into AMP 1981. Joseph's son Frederick (d. 1978) moved to San Antonio, invested in ranches, oil; provider of venture capital. Another son, Alexander (AMP director until 1987), lives Pasadena, travels, golfs; wife Adelaide volunteers: United Way, Planned Parenthood, sponsors golf tournaments. Family shuns press; original AMP holdings, if still fully retained, worth over $670 million.

Horvitz

Cleveland; Hollywood, Fla. Sons of self-made media, real estate mogul Samuel A. Horvitz (never went past eighth grade). Sam founded road construction company 1916; also built small Ohio-based newspaper chain; left Ohio for Florida 1920s; bought bankrupt Hollywood, Inc. for $2 million, much land at $2 per acre and later 2 Ohio newspapers. Died 1956. Left fortune in trust, later divided among adversarial sons. Harry ran newspapers. Leonard ran road construction company. William ran real estate. At mother's death 1977, Harry learned of brothers' plan to channel newspaper profits to their businesses; resulting feud erupted into fistfights, lawsuits. Exasperated probate judge ordered trust liquidated in 1986. Everything now sold. Brothers are not communicating, but each now worth estimated $230 million.

Houghton

Corning, N.Y. Descendants of Amory Houghton, founded Corning Glass Works 1851. Created glass envelope for electric light bulb 1879; failed to cash in on consumer marketing profits. Then 20th-century series revolutionary developments creating new businesses: fiberglass, silicone, Pyrex, TV picture tube, optical fibers. But failed to integrate forward to gain high margins; degenerated into commodity businesses. Well known for use of joint ventures to develop technology. Long considered genteel, sedentary firm; fifth-generation Jamie chairman 1983 after brother Amo. Now emphasizing quality, reorganizing: "We're no longer a simple little glass and chemical company." Amo, 63, retired to U.S. House 1986: "What we need [in politics] are businessmen." Visible wealth over $500 million.

Hughes (Howard) ★

Inheritance. Fortune built by legendary, eccentric recluse Howard Hughes Jr. originated with oil well drill bit patented by Howard Sr. 1909. Howard Jr. inherited age 18, made movies, set flying records, created Hughes Aircraft, owned TWA. Died 1976. No will. Bulk of fortune in Howard Hughes Medical Institute. Look-alike cousin William Lummis took over Summa Corp., holding company created 1972 for Hughes assets and estate estimated at $168 million. Brought in his former Houston law firm, Andrews, Kurth, Campbell & Jones, sought heirs 5 years, fought off 3 dozen claims. Revamped, sold assets, built up real estate holdings. Today's Summa real estate firm has 900 acres Los Angeles, 25,000 acres near Las Vegas. Seventeen maternal heirs, 5 paternal heirs. James Phelan, acknowledged Hughes expert, figures law firm biggest heir—25% to 30%. Lummis next at about 9%. Some deaths among initial heirs; about 80 people now share estate worth estimated $1.8 billion, of which $400 million has been disbursed so far.

Idema
Wege
Hunting

Office furnishings. Grand Rapids, Mich. Peter Wege (d. 1947), sheet-metal craftsman and holder of six patents, had idea for fireproof metal office funiture; launched own firm 1912. Instant success with first metal wastebasket. Prospered in 1920s, survived Depression (worked longtime employees part time to keep them). In 1934 co. patented modern-day suspension file cabinet. Changed name to Steelcase 1954. Henry Idema (d. 1951) one of original investors; David Hunting (now 97) joined later, bought other investors' interests. Henry's son Walter set up tight fi-

nancial control; daughter Mary married current chairman Robert Pew, 66 (of Pew family, *which see*). Hunting became sales chief. Policies—tight controls, quality design, aggressive marketing, exclusive dealerships (over 500 today), good pay and benefits in nonunion shop—made Steelcase biggest name in office furniture (fiscal 1989 sales $1.8 billion, about 23% of market). Management now emphasizing design creativity. Almost all Steelcase stock held by descendants of these three men. Shared fortune from Steelcase far exceeds $1.3 billion.

Johnson

Inheritance. Six children of John Seward Johnson (d. 1983), heir to Johnson & Johnson fortune. Court battle with Johnson's third wife Barbara Piasecka Johnson *(which see)* settled out of court 1986. J. Seward Jr. received $12 million from estate, others $5.9 million, in addition to trusts each child got 1944. Today, if intact, each would be worth $151 million. Not all intact. Mary Lea Johnson Richards: NYC. 63. Coproducer with husband Martin of Broadway hits (22 Tonys so far—musical *Grand Hotel* in the works) and movies (*Fort Apache, the Bronx, The Shining* et al.). Her children making third court appeal (lost first two), claim she invaded trust for $3 million a year over last several years. Settlement plus remaining trust assets worth $98 million. Elaine Johnson Wold: Boca Raton, Fla. 62. Husband, nonpracticing ophthalmologist, handles investments. Worth $125 million. J. Seward Johnson Jr.: Princeton, N.J. 59. Sculptor (specializes in life-size groups—gets up to $150,000 for one of his works). Received largest settlement, including Cape Cod house, but invaded trust: worth $57 million. Diana Firestone: Waterford, Va. 57. With husband raises Thoroughbreds; 1980 Kentucky Derby winner with Genuine Risk. Bought Calder, Gulfstream racetracks for reported $60 million, $100 million respectively. Worth $94 million, net. Jennifer Johnson Duke: Jacksonville, Fla., NYC. 48. Photographer and NYC gallery owner with brother James; with husband, Joseph manufacturing his furniture designs for Florida gallery. Her trust virtually intact, worth over $156 million. James Johnson: Oldwick, N.J., East Hampton, N.Y. 44. Operates New Jersey farm; also an accomplished representational painter. His trust, virtually intact, worth over $156 million. Visible total over $670 million.

Jordan

Retailing, publishing. Origin: Boston. With $1 capital, 14-year-old Eben Jordan left Danville, Me. 1836 for Boston. Worked as farmhand, errand boy. At 29 (with partner Ben Marsh) founded Jordan Marsh 1851 (later sold to Allied Stores). Also heavily invested *Boston Globe*. *Globe*'s parent, Affiliated Publications, invested $82 million in McCaw Cellular; spun off its 58 million shares to Affiliated stockholders. The Jordans' McCaw shares (in trust) now worth more than twice their Affiliated stock. Prominent Jordan: Dorothy (Mrs.

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Randolph A. Kidder), her 2 children. Husband ambassador, briefly, to Cambodia 1964. She is beneficiary of about one-third of Jordan trusts; end 1996. New Affiliated Class B voting shares should keep control in Taylor family *(which see)* if Jordans sell out. Fortune exceeds $865 million.

Kelley

Hotels. Honolulu. Roy Cecil Kelley arrived in Hawaii 1929 after USC architecture. Designed landmarks, homes. "Wizard of Waikiki" foresaw opportunity: make island available to low-budget traveler. Borrowed $10,000 to construct apts. 1933. Witnessed Pearl Harbor attack from rooftop. Built first hotel 1947, high occupancy, low rates: "Our whole attitude is utilitarian." Expanded steadily into 23-hotel, 7,600-room Outrigger chain; now largest in Hawaii. Roy, 84, retired; co. headed by son Richard, a Harvard-trained pathologist; third generation also involved. Added two hotels 1986, claims much debt; also now manages other hotels. Family shares fortune estimated at least $580 million.

Kennedy

Boston origin. Joseph Patrick Kennedy (d. 1969) rose from humble Irish south Boston beginnings to bank president at 25. Wall Street speculator who eventually outlawed own methods as first SEC head; later ambassador to England. Married Rose Fitzgerald, daughter of Boston Mayor John F. (Honey Fitz) Fitzgerald, 1914. From 9 children emerged political dynasty and tragic drama. Son Joe killed WWII. Daughter Rosemary mentally retarded; John F., senator, President; and Robert F., senator, attorney general, both assassinated. Edward M., senator, had presidential chances destroyed at Chappaquiddick. Third generation not stuff of Greek tragedy: some drug problems, but some with potential Kennedy-esque charisma. Joseph Patrick II, 37, Robert's son, holds Tip O'Neill's old congressional seat. Family fortune managed from Park Agency Inc. (NYC); highly secretive. Real estate (Chicago's Merchandise Mart and Apparel Center), stock holdings, oil and gas interests. Family (Rose, surviving children, 29 grandchildren plus great-grandchildren) has net worth believed at least $800 million.

King

Short Hills, N.J., NYC, California, etc. Charles King (d. 1972) pioneer radio syndicator 1930s; hit by advent of television; formed TV syndicator King World Productions 1964. Sons Roger, Michael took over, hit jackpot early 1980s buying syndication rights to *Wheel of Fortune, Jeopardy!*—total 1988 revenues: $280 million, net profit margin 22%. Also *Oprah Winfrey Show*. Michael: "I'd rather be lucky than smart; get them both and it's outrageous." Four siblings hold nearly 10% King World stock apiece: Roger, 45, chairman; Michael, 41, CEO; Diana, 40, CFO; Richard, 48, director. Sister Karen quit 1986; eldest brother Robert sold out for $1.7 million before company went public 1984. Roger sentenced 1987 to 2 years' probation on auto theft, cocaine charges; entered alcohol treatment center. King World bought Buffalo TV station 1988 for $100 million. Family worth over $385 million.

Kleberg

King Ranch, Tex. Richard King, Rio Grande steamboat captain, bought Spanish land grants south Texas 1850s. Robert Kleberg beat him in lawsuit, then married his daughter. Bob Jr. sold drilling rights to Humble Oil (now Exxon) 1933; first strike 1945. Annual royalties once estimated up to $100 million; now one-third that. Monies plowed back into ranch. Developed special breed of cattle, Santa Gertrudis, now 40,000 head, on 825,000 acres (bigger than Rhode Island). Foreign ranches in Argentina, Venezuela, Spain and Morocco sold—Brazil, Australia operations available. Historically paternalistic family now employs second nonfamily chairman of board in as many years, longtime Kleberg attorney Leroy Denman. Despite drought, oil crunch, some 70 heirs share empire worth at least $950 million.

Kohler

Kohler, Wis. origin. John M. Kohler bought iron foundry 1873; enameled hog scalder, sold as inexpensive bathtub to swelling immigrant market; expanded to other bathroom fixtures. Son Walter pioneered color-coordinated fixtures 1920s; Wisconsin governor 1929-31. Grandson Walter Jr., also governor (1951-57), split from brother Herb Sr. 1940s. United Auto Workers struck Kohler 1954-62. Current family leader Herb Jr., 50 (Yale 1965), was thrust into leadership to keep firm in family upon father's death 1968; chairman 1972. Company has some outside shareholders. Acquisitions made to pass $1 billion in sales 1988, but firm still carries much debt. Family worth over $490 million.

Krebbiel

Molex, Inc. Downers Grove, Ill. With father and brother, John Sr. invented inexpensive plastic produced from industrial waste; began small manufacturing co. 1938. Made consumer items (toy guns, flowerpots, clock cases); then switched to electrical components. Now buys plastic from outside suppliers. Went public 1972. Now revenues over $500 million, 70% of business overseas. John Sr., president in 1957, still chairman; son John Jr. currently president, brother Fred vice chairman international business. Firm strives to maintain "family feeling"; promotes from within. Family's stock in company worth over $450 million.

Lilly

Indianapolis et al. Descendants of Civil War veteran, Colonel Eli Lilly, who opened chemist's shop in native Indianapolis. Son Josiah president 1901-32; spearheaded growth of co.; succeeded by two sons, Eli, Josiah K. Jr. Medical landmarks: first commercial insulin 1923, leader in barbiturates 1930s, antibiotics 1940s, first mass-produced Salk polio vaccine 1950s. Marketed first drug based on gene-splicing technology (Humulin) 1982. Also medical instruments, agricultural and animal health products, cosmetics. 1988 sales, $4 billion. Legal entanglements 1970s-80s: Oraflex, DES, Darvon. No longer family-managed. Established Lilly Endowment 1937, $2 billion charitable trust for Indiana educa-

tional, religious development. Two branches Lilly family believed to hold over 10% stock. If held, worth over $1.8 billion.

Lykes

Tampa, Fla., New Orleans et al. Descendants of Dr. Howell Tyson Lykes (d. 1907). Inheritance of 500-acre property near Brooksville altered career path; gave up medicine to become Florida rancher 1870s. With 7 sons, amassed fortune raising, shipping cattle to Cuba. Lykes Corp. began diversifying 1940s: insurance, real estate, steelmaking, natural gas, banking, citrus. Merged with LTV Corp. 1978; took public, sold much off at profit, escaped mostly unscathed from famous LTV crash 1986. Family bought back famed steamship line from troubled company 1983: It had been "like losing a member of the family." Own some 350,000 acres Glades County, Fla.; large Texas ranch. Great-grandson Thompson Lykes Rankin, 49, now heads empire. Some 200 family members share fortune estimated over $800 million.

Mack

NYC and Long Island. Heirs of Russian immigrant Philip Mack, who founded turn-of-century construction/demolition co.; son H. Bert and H. Bert's sons took Mack Co. into New Jersey industrial sites: Meadowlands 1960s, office parks 1970s. Now over 11 million sq. ft. industrial space, 5 million sq. ft. office. Other projects Tampa, Fla.; New Jersey; Arizona; venture capital plays. Moved on Wall Street 1980s: backed Paul Bilzerian in 1986 Hammermill Corp. bid, split $58 million profit; also Arkansas Best 1988. With partner, reportedly offered $80 million to $85 million for Eddie Chiles' Texas (baseball) Rangers 1988. Brothers active in business. Mack family fortune worth over $500 million.

McClatchy

Sacramento, Calif. et al. Descendants of James McClatchy, Irish immigrant reporter for Horace Greeley's *New York Tribune*. Went west to California gold mines 1849; helped found *Sacramento Bee* 1857, editor same year. Supported Union in Civil War. Opposed hydraulic mining. Progressive *Bee* advocated direct presidential elections under son C.K. (d. 1936). His son Carlos added Fresno and Modesto *Bees*; died young. Sister Eleanor ran papers for 44 years until death 1980; strong proponent of liberal causes, guarded privacy with wall surrounding downtown house. Carlos' son James now chairman with 12 newspapers. Brother C.K. (d. 1989) took public 1988; under a dozen family members maintain all Class B stock, worth $700 million, so control assured.

Slim Aarons

Alfred Gwynne Vanderbilt and his second wife, Jean Murray Vanderbilt, at the races at Saratoga in the 1940s. Vanderbilt bought his first racehorse at 19. He entered eight races and won $725 that year. Three years later his horses entered 569 races and won $303,705. He had a genius for naming horses, and his masterpiece was a foal by Questionnaire out of Pansy. He named it Query.

McDonnell

St. Louis family of James S. McDonnell Jr., founder McDonnell Aircraft 1939. Business took off with postwar jet plane production. Developed Phantom: first U.S. jet to operate off aircraft carrier. Company designed, built Mercury space capsule used for John Glenn's Earth orbit. Merged with Douglas Aircraft 1967. James II died 1980; nephew Sanford succeeded as chairman. Retired March 1988: "In the long term, the only way to succeed is to be as ethical as you can possibly be." McDonnell Douglas now run by founder James' son John F., 51. James III, 52, VP. Company today leading producer U.S. military, commercial aircraft; also commercial jetliners, missiles, space systems; data processing services. Production C-17 Air Force transport began 1988. 1988 revenues, $15 billion. Family stock worth about $400 million.

McGraw

NYC et al. Upstate N.Y. schoolteacher James H. McGraw turned to magazine sales to supplement income; bought railway trade publication from his firm 1888. Bought other railroad, electricity trade magazines; eventually supplied information to vast array of businesses through publications, handbooks. McGraw-Hill now international information conglomerate, with magazines, 4 TV stations, Standard & Poor's investment guide, Dodge construction industry news, computer information services, book publishing. Grandson Harold W. Jr., 71, CEO 1975, retired 1988. His son Harold, head of financial services division, prospective chairman; company now run by outsider. Firm still rumored takeover target, though American Express licking its wounds since 1979. At least 30 descendants control 20% worth over $740 million.

Mead

Wisconsin Rapids, Wis. George W. Mead (d. 1961), Illinois furniture salesman, arrived Grand Rapids, Mich. 1902 to settle father-in-law's estate. Intended stay: 1 to 2 weeks; remained 59 years. Took over construction of dam and paper mill; built first electrically powered paper machine. Reinvested profits in company; president 1916. Consolidated Papers expanded, modernized under son Stanton 1950-66 (d. 1988). Grandson George II, 62, industry's youngest president at 39. "I guess I was groomed from the beginning to become the chief executive officer." Consolidated 1988 sales $897 million; leading producer magazine paper. Still have first account, also FORBES. Estimated 80 family members share 39% stock worth over $725 million.

Meijer

Retailing. Grand Rapids, Mich. Hendrik Meijer, onetime anarchist, left Netherlands 1907 for U.S. Opened barbershop 1914. Expanded space to double storefront. After frantic Depression search for tenant, opened own food store to pay the rent. Food business expanded faster than hair business. First hypermart 1962, launched with son Frederik; father died 1964. Fred expanded; now 48 stores, most part grocery, part discount store. Also gas stations, distribution centers, offices. Meijer Inc. over $2 billion sales 1988. Fred, a major force: "Merchandising genius to peers." Considered shrewd buyer, shrewd marketer, watcher of every detail. Meijer's has inordinate number of checkout counters: "Shoppers don't like to wait in line." Gained respect of union: "This is a fair company." Control passed on to sons Hank, Douglas, Mark (president). Fred Meijer, 70, still chairman. Family, with trusts, estimated worth well over $400 million.

Mellon

Inheritance. Upperville, Va.; Pittsburgh area et al. Judge Thomas Mellon's father successful farmer, but Thomas (d. 1908) dynastic founder. Studied law, elected judge; made loans, founded private banking firm T. Mellon & Sons. Formidable intellect; cultivated, preached and practiced "industry and thrift." Youngest sons Andrew, Richard B. used bank to create vast empire. Early form of venture capital yielded enormous returns over decades: Alcoa, Gulf Oil, Koppers, Mellon Bank, etc. Andrew U.S. Treasury Secretary 1921-32; founded National Gallery, D.C.; 1933 income tax return showed stock valued at $205 million. Andrew's, Richard B.'s heirs still very wealthy. Poor cousins (children of Andrew's older brother James Ross Mellon), the William Larimer branch, have fortune estimated at $250 million. William L., while not a founder, was instrumental in the development of Gulf Oil. The three main branches share fortune of some $4.2 billion. *(See individual Mellons, Scaife, May.)*

Murphy

Murphy Oil Corp. El Dorado, Ark. Banker Charlie Sr., "Mr. Charlie" (d. 1954), built 100,000-acre timber, farming empire; discovered oil Louisiana 1907. Son Charlie Jr. invested $5,000 gift from grandfather in own oil-producing co. Took over Murphy Oil at 21 after father suffered stroke; had to forgo college but self-taught classics, foreign languages. Built integrated co. with international reserves and refineries through mergers, exploration, reinvestment. Now 68, retired as CEO 1984 but still chairman, works daily; self-proclaimed "old-fashioned" guy. "When the last trumpet is sounded on the fields of Armageddon, we will be one of the tattered

few still left." Successor will be "of the blood"; 3 sons in business: Michael, 41; Charles III, 36; Madison, 32. Some 50 family members share 35% Murphy stock, timberland, other interests worth $550 million.

Nordstrom

Seattle. John Nordstrom, Swedish teenager, immigrated to U.S. with $5 in 1888. Traveled westward, learned English as mine worker, lumberjack; settled in Seattle, opened shoe store 1901. Died 1963. His 3 sons built largest independent shoe store chain (27 stores). Diversified into women's fashion; added menswear 1968. Evolved into Nordstrom Inc., major fashion retailer, 1988 sales $1.9 billion. "When the customer talks, we jump." Company now led by founder's grandsons, James, Bruce, John. First East Coast outlet opened Washington, D.C., another planned for New Jersey. Recently sold Seattle (football) Seahawks for $99 million. Family's 39.8% of company stock, football team proceeds worth $1.4 billion.

O'Connor

Victoria, Tex. Descendants of Thomas O'Connor (d. 1887), Irish immigrant as teenager early 1830s; fought in Texas War of Independence 1836. Built 500,000-acre ranching empire in south Texas; passed on to 2 sons who expanded, experimented with cross-breeding cattle: developed Bradford variety more adaptable to Gulf Coast climate. Now at least 200,000 acres, more out-of-state. Vast O'Connor field discovered on their land 1931. Family owns 39% Victoria Bancshares—a place to keep the money. Senior family members Dennis, 82, Tom, 73, still hold directorships, tight rein over family transactions. Tradition, ranching family, emphasis on preservation: "We're just caretakers for the next generation." Publicity-shy. About 30 family members share fortune believed over $450 million.

Pew

Philadelphia origin. Descendants and heirs of Joseph Newton Pew Sr., who developed method to capture, pipe and transport previously wasted natural gas. Founded Sun Oil 1886, partner in massive Texas oil strike 1901; died at desk 1912. Son J. Howard (d. 1971) at company helm to 1947, returned as chairman 1963-70. Last Pew to run firm. Andy Pew, 52, great-grandson of founder, head of Sun subsidiary, only family member in co.; also on board of family charitable trusts. Family staunch Republicans, Presbyterians, dispersed nationwide. Pew charitable trusts among nation's largest with total $2.9 billion in assets, support education, health services. Family estimated to share 6% Sun Co. stock worth over $500 million.

Phipps

Origin: Pittsburgh. Henry Phipps, son of Philadelphia cobbler, teamed up with Andrew Carnegie and pioneered Bessemer steelmaking process. Sold Carnegie Steel to J.P. Morgan 1904 for $50 million in stock. Created Bessemer Trust for 5 children 1907. Bessemer Group now manages over $7 billion; 16% return 1988: estimated $1.9 billion belongs to Phipps family; rest to additional private clients. Over 100 fifth-generation family members live mostly New York and Florida. Much discontent over trust management; litigation. Grandchildren Howard Jr. and Anne Phipps Sidamon-Eristoff share estimated $380 million portion of family portfolio fixed-income securities, real estate, shipping, oil and gas interests, etc.

Pigott

Seattle. Descendants of William Pigott Sr. Manufactured railway cars and trailers for Northwest logging industry. Founded Pacific Car & Foundry 1905. Expanded into heavy trucking with Kenworth Trucking Co. purchase 1945. Paccar now nation's second-largest manufacturer (after Navistar); 20% U.S. market; 1988 revenues $3.1 billion. Acquired Grand Auto 1988: auto parts distribution. Closely held co.; little debt; Paccar plans to repurchase 4 million shares: possible defense against Harold Simmons *(which see)*. William's grandchildren: Charles, 60, Paccar CEO and chairman; James, 53, still on board, owns Marcoin Business Services. Over 30 family members believed to own 40% of Paccar. Stock, other assets estimated to be worth at least $800 million.

Pitcairn

Bryn Athyn, Pa. et al. Descendants of Scottish-born religious Pennsylvania Railroad superintendent John Pitcairn (d. 1916), who launched glassmaking plant on Allegheny River 1883. Feud between partners created competing companies: Pitcairn's PPG Industries, Libbey-Owens-Ford. PPG diversified into chemicals. Last Pitcairn in firm 1935. Family also followers of Swedenborgian church in hometown. Son Raymond fulfilled father's dream, designed cathedral. Pitcairns' 14% PPG interest liquidated 1985, assets administered by Pitcairn Financial Management Group; recently opened doors to other wealthy families after 66-year Pitcairn-only policy. Assert $1.7 billion in assets including church trusts. Family's stake is believed to be $725 million or more.

Pulitzer

St. Louis et al. Descendants of Joseph Pulitzer (1847-1911), penniless Hungarian immigrant who settled in St. Louis after Civil War, paid $2,500 for bankrupt *Dispatch* 1878; encouraged muckraking, yellow journalism. Later merged with *Post*, bought out partner. Purchased *New York World* 1883; built into dominant U.S. paper, now defunct. Founded first journalism grad school, Columbia 1903; also Pulitzer Prizes. Pulitzer Publishing now 3 dailies, over 90 weeklies, 7 TV, 2 radio stations. Dissident family members bought out for $187 million 1986; result: 18% public offering. Family trust controlled by grandsons: Joseph Jr., 76; half brother Michael, 59; cousin David Moore, 65, retain 98% voting power. Joseph Jr: "I was not trained by my father to liquidate." Fortune exceeds $550 million.

Pulliam

Indianapolis, Ind. et al. Eugene C. Pulliam, son of itinerant minister (and grandfather of Dan Quayle), former reporter, started buying own newspapers 1912. Founded Central Newspapers, Inc. 1934, accumulat-

ed Depression-hit newspapers 8 states. Mission in life: Espousing conservative views; helped launch Barry Goldwater. Monopoly newspapers *Indianapolis Star, News.* Son-in-law Jim Quayle bought Huntingdon, Ind. paper from him 1964: "Jim wanted to be his own publisher." Gene's influence may have helped Dan avoid Vietnam. Son Gene S. Pulliam UP reporter 1935, radio news editor. Joined family papers after Navy WWII; father died 1975. Central Newspapers control in trust run by Eugene C.'s widow, son Gene, family associate William A. Dyer Jr.; other family members hold interests outside trust. Recently announced minority stock offering; some family members selling, not Dan. Business worth estimated $600 million.

Richardson

Greensboro, N.C., Connecticut et al. Teacher turned pharmacist Lunsford Richardson plowed $8,000 savings into N.C. drugstore; sold 1907 to fund startup: Vicks Vaporub, one of 23 Vicks Family Home Remedies (named after brother-in-law). Post-WWI flu epidemic quadrupled sales. Son H. Smith Sr. (d. 1972) built Vicks Chemical, name changed to Richardson-Merrill Inc. (Cepacol, Bendectin). Sold to Dow Chemical 1981 for $80 million stock. Created Richardson-Vicks (Clearasil, Nyquil). Merged with P&G 1985 for over $400 million. Invested part of sale proceeds in lucrative Vanguard Cellular Systems. Over 200 descendants form close-knit family; quarterly newsletter, biennial meetings. Stock, real estate estimated over $1 billion.

Robins

Richmond, Va. Albert Hartley Robins founded A.H. Robins drug firm 1866. E. Claiborne, grandson, joined company 1933. By 1948, revenues went from $4,800 to $1 million: Robitussin, Chap Stick, Sergeant's pet products built reputation. Dalkon Shield, birth control device, destroyed it: introduced 1971, 4.3 million sold over 3 years, pulled from U.S. market 1974 (harmful effects, deaths). Federal judge refused co. request to consolidate litigation 1984. Company filed for bankruptcy 1985 after 330,000-plus claims filed, over $500 million paid. Accepted $3-billion-plus buyout by American Home Products 1988, at least $2.3 billion to trust funds for Dalkon Shield victims. Pending buyout now being challenged: Supreme Court ruling expected by year-end. Family's stock, other assets worth at least $325 million.

Rockefeller (John D.)

NYC et al. Descendants of John D. Rockefeller, world's first billionaire, founder of Standard Oil. Accounting clerk who saved money, invested in merchant grain business 1858; put $4,000 into oil refining 1863 as sideline. Made out okay: By 1870 Standard Oil; went on to form legendary monopoly. Furor over Standard Oil trust led to breakup 1911. To marry Abby Aldrich, only son, John Jr., gave her father long, earnest recitation of his financial prospects (Mr. Aldrich approved). Between them two John D.'s gave over $1 billion to charity—then, $1 billion still a lot of money. Jr. had 6 children: daughter Abby, sons J.D. III, Nelson, Winthrop (all deceased) and surviving sons Laurance, David *(see Winthrop Paul, Laurance, David).* Abby (d. 1976), widow of banker Jean Mauzé, had 2 daughters: Abby Milton O'Neill and Marilyn Milton Simpson (d. 1980). John D. IV (Jay), one of 4 children of John D. III (d. 1978), was West Virginia governor (1977-84), now U.S. senator (spent over $12 million on race). Nelson (Rocky) (d. 1979) left 6 children; 4-term liberal GOP New York governor, 3-time contender for presidency, Ford's Vice President. Combined family fortune estimated over $5 billion.

UPI/Bettmann

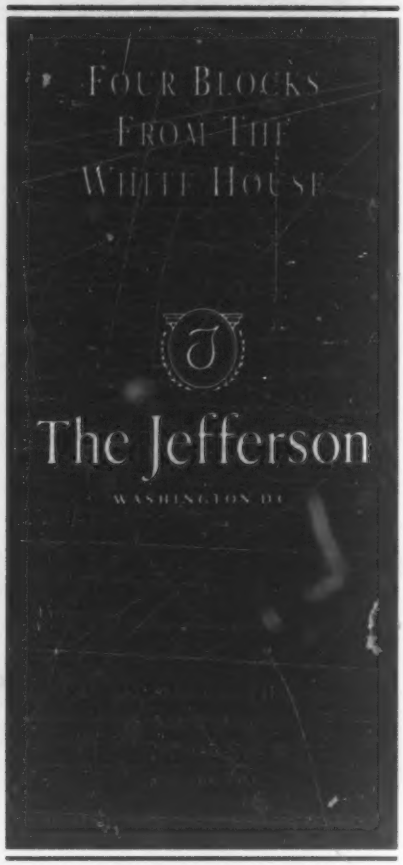
The first Mrs. John Hay Whitney at a racing auction in the 1930s. She had just bought The Porter, a great stallion.

Rockefeller (William)

Greenwich, Conn.; NYC et al. Founding father William Rockefeller (1841-1922), genial brother of John D. Rockefeller, ran Standard Oil of New York (now Mobil) until trust busted 1911. Controlled as much as 12.5% of trust, plus extensive railroad, utility stocks. Two sons married daughters of James Stillman, head of National City Bank of New York (now Citibank). Daughters married into McAlpin, Dodge fortunes. Family's holdings today include blue-chip stocks, land in Greenwich. Conservative, decentralized management of assets, some run by Andrew Rockefeller, 59, William's great-grandson. Over 75 heirs share in fortune believed worth well over $350 million.

Rose

NYC. Jerusalem-born David (d. 1986) cofounded Rose Associates with brother Samuel (d. early 1960s) in Bronx 1920s; later moved to Manhattan. David built firm into one of NYC's biggest developers, managers of apts., now one of oldest. Samuel's Yalie sons Frederick, Daniel, and Elihu now run Rose: Fred builds, Dan plans, Elihu manages. Today company owns, manages apts., office space throughout East Coast. Significant player in multi-use, luxury Copley Place in Boston; responsible for massive Pentagon City in Arlington, Va. Brothers shun limelight, but strive for consistency: "Lean years do come from time to time. But . . . energy and imagination can often solve the lean year problems and permit us to survive into the fat years." Claim little equity, but peers say otherwise; now estimated



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Rosenwald

NYC et al. Julius Rosenwald (d. 1932), mail-order pioneer, invested $35,000 in Sears, Roebuck 1895, gained control after founders sold out (Alvah Roebuck, 1895; Richard Sears, 1913). In Sears' dark hours in 1921 economic bust, he bailed out company with own money. Went on to build largest merchandise retailer in world: "the buyer for the American farmer." Donated $50 million to educational and other causes. Son Lessing (d. 1979) former chairman; grandson Edgar Stern last family member on board (cousin Julius II retired from board 1986). Family funds until recently managed by Starwood Corp. (founded over half-century ago, took outside clients from 1970s); William Rosenwald's American Securities Corp. manages his money. Family fortune est. $400 million.

Scripps (E.W.)

Cincinnati origin. Inheritance, newspapers. Descendants of Populist publisher Edward Wyllis Scripps (d. 1926), who launched *Cleveland Press* at 24 in 1878; founded nation's once-largest newspaper chain. Also began United Press International. Longtime family fighting: E.W. broke early from half-brother James *(see family)*, who formed own firm; grandson James G. left to begin Scripps League 1931, still separate; grandson John P. established own chain 1928, remerged 1986. E.W. Scripps Co. went public 1988. Publishes 19 dailies, including *Rocky Mountain News, Pittsburgh Press*; owns 80% Scripps-Howard Broadcasting (TV, radio, cable). Family trust, established 1922, currently controls 75% of E.W. Scripps Co.; shares held until last of 4 grandchildren dies, then split among 28 great-grandchildren. As a group, worth over $1.8 billion.

Scripps (J.E.)

Detroit area et al. Descendants of English immigrant, James Edmund Scripps (1835-1906), who arrived in Illinois 1844 with novel idea, "people's press": short, simple stories for working class, unlike elitist papers of his time. Began *Detroit* (evening) *News* 1873; heavy debt, had to sell family farm; *News* succeeded. Successful business plan applied elsewhere. Bitter split with half-brother E.W. *(see above)* early 1900s. Separate chain founded by George Booth, Scripps executive who married into family. Heirs ran cos. independently. Booth Newspapers sold for $300 million 1976 (34% family stake). Evening News Association sold to Gannett for $717 million 1985; president and great-grandson, Peter Clark, 60, now Gannett director. Over 50 descendants share estimated $800-million-plus fortune.

Searle

Chicago. Brothers, sister. Inheritance. Great-grandchildren Gideon Searle, who bought Indiana drugstore after Civil War, founded one of nation's first drugstore chains. Began making drugs as G.D. Searle 1888. Grandson John responsible for remarkable profitability 1936-66: introduced Dramamine, first oral contraceptive, etc. John's son Daniel (CEO 1966-77): unfortunate acquisition record, company image tarnished by FDA probe. Smart move: brought in former defense secretary Donald Rumsfeld to recoup. Rumsfeld and discovery of aspartame saved company. Sold out to Monsanto 1985. Daniel, brother William, sister Suzanne Dixon active in investment of funds from 1985 sale (heavy in venture capital) as Earl Kinship Capital Corp. Daniel: "We follow prudent rules any investor would, but individually and collectively we are willing to take higher risks because of resources available." Daniel also member of exclusive AEA Investors (mostly retired CEOs who look for small, medium-size leveraged buyout deals). Proceeds of sale, other assets worth over $800 million.

Segerstrom

Orange Co., Calif. Swedish immigrant Charles John Segerstrom arrived U.S. with wife, first 3 of 11 children, 1882. Farmed acres of leased Orange Co. land 1898. Acquired land, pioneered commercial production lima beans with 4 sons, d. 1928. By 1950s C.J. Segerstrom nation's leading producer. Diversified into real estate: industrial space, then shopping centers, offices. Co. now headed by grandson Henry, 66; mother Nellie Ruth, 91; cousin Harold Jr., 61. "They never made a decision and left the room unless [they all] supported it." Built

nation's largest mall, South Coast Plaza, Costa Mesa, Calif., 1967, 2.7 million sq. ft., annual sales over $600 million. Led drive to build Orange County Performing Arts Center, donated land, opened 1986. Lost rererendum to rezone for office development; will try again. Henry, Harold, Nelly partners in firm with equity estimated well over $500 million.

Smith

Chicago. Banker family with large holdings in Northern Trust Corp. financed two Swedish toolmakers; founded Illinois Tool Works 1912, eventually owned by Smiths. Manufactured screws, fasteners and washers; pioneered plastic six-pack soft drink and beer carrier 1960s. Moved into engineering components, packaging, medical and computer supplies; acquired auto and appliance paint manufacturer 1989. Illinois Tool has 82 plants in over 30 countries; 1988 sales $1.9 billion. Family still active: Edward Byron Smith, Harold Byron Smith, both 80, on board; Harold Jr., 56, chairs executive committee. Family controls at least 28% ITW, 20% Northern Trust worth over $880 million.

Smith (Charles E.)

Washington, D.C. Charles, Russian immigrant, began building in Brooklyn, lost bundle Depression. Moved to D.C. Lost shirt again, considered job in bar & grill, wife talked him out of it. Built rental apartments instead. Son Robert joined 1950. Together, assembled land, including railroad yard Arlington early 1960s; built vast Crystal City with old RF&P railroad: 41 buildings house 70,000 workers. Family holdings include thousands of apts., 15 million sq. ft. offices, including Skyline City in Va. Many other large-scale projects under development. Charles, 88, retired, overseeing philanthropies (George Washington U., Jewish charities) from Palm Beach. Development business, among largest D.C., run by formal, reserved Robert; more outgoing son-in-law Robert Kogod heads property management. Est. real estate equity at least $825 million, denied by Kogod.

Stone

Chicago. Joseph H. Stone left Russia about 1890 with $2,300. Became jobber of wrapping paper, twine pre-Depression Chicago; d. 1936. Sons built first corrugated-box plant, expanded through acquisitions. Current chairman/CEO Roger talked family out of $125 million Boise Cascade buyout offer 1979: "A lot of people thought we were a little crazy." Not so crazy: Stone Container stock up 650% since Roger took over 1979. Acquisitions last 6 years helped increase sales tenfold to $3.7 billion (fiscal 1988); heavy debt incurred, paid down rapidly; lately long-term debt up to $3 billion on new acquisitions (72% of capital). Two surviving Stone brothers, other family members control 24% worth $400 million.

Stroh

Detroit. Family started with small brewery in 18th-century Germany. Bernard came to Detroit 1850 with $150; brewed beer, delivered barrels door-to-door with wheelbarrow. Gradually captured greater market share. Family weathered Prohibition making ice cream (still sells in Michigan, Ohio, Illinois). Stroh International Inc. products now available in over 70 countries. Great-grandson and CEO Peter, 59, persuaded family to purchase F&M Schaefer for some $70 million 1981; then Schlitz for 70%-financed $500 million 1982. Third-largest U.S. brewery: 22 million barrels, 16 beers, 1 cooler, 2 nonalcoholic drinks. Not large enough; selling out beer to Coors *(see family)* for reported $425 million. Developing Detroit River Place property; 300 apt. units, 110-room hotel, 1.8 million sq. ft. office space (projected cost: $300 million). Four Strohs dominate private company, other assets believed worth over $600 million.

Stuart

Bellevue, Idaho; LA. Grandfather Elbridge Amos Stuart founded Carnation Co. 1889 in Kent, Wash. Paid $25,000 for evaporated milk process; first sold milk to prospectors en route to Yukon gold rush. Sold to Nestlé 1985 for $3 billion. Grandson Elbridge, 72, married to paleontologist Marion Butler Stuart; Carnation VP to 1961; lives on secluded ranch; also site of Marion's private geological museum. Dwight, 65, company president 1972-83; wife Maria daughter of Philippines ex-senator Sergio Osmena; 2,500-acre California ranch. Dwight Jr. runs family investments (Dwight Enterprises). Combined fortune worth over $400 million.

Sulzberger

NYC. *New York Times.* Progenitor Adolph S. Ochs (1858-1935), Tennessee newsman, bought *Times* for $75,000 1896; first successful publisher, made it NYC "newspaper of record." Published by son-in-law A.H. Sulzberger from 1935-61, then grandson-in-law took over; on his premature death present publisher Arthur Ochs (Punch) Sulzberger, grandson of founder, 63, thrust into job 1963; chairman 1973. Rejuvenated paper by improving labor relations, expanding coverage with profitable special sections: science, art, etc. Diversified into other papers, magazines, electronic media. *Times*, now becoming national paper, still core business. Punch rumored preparing to abdicate in favor of deputy publisher, Arthur Jr., "Pinch." Punch's response: "No, no, no. If I do that, my wife will shoot me." Mother Iphigene, 97, has maintained strong, subtle influence under 4 publishers; director 1917-73. Witty, irreverent, and liberal; currently director emeritus. "My chief claim to fame is survival." Ochs Trust controls stock worth $550 million.

Swig

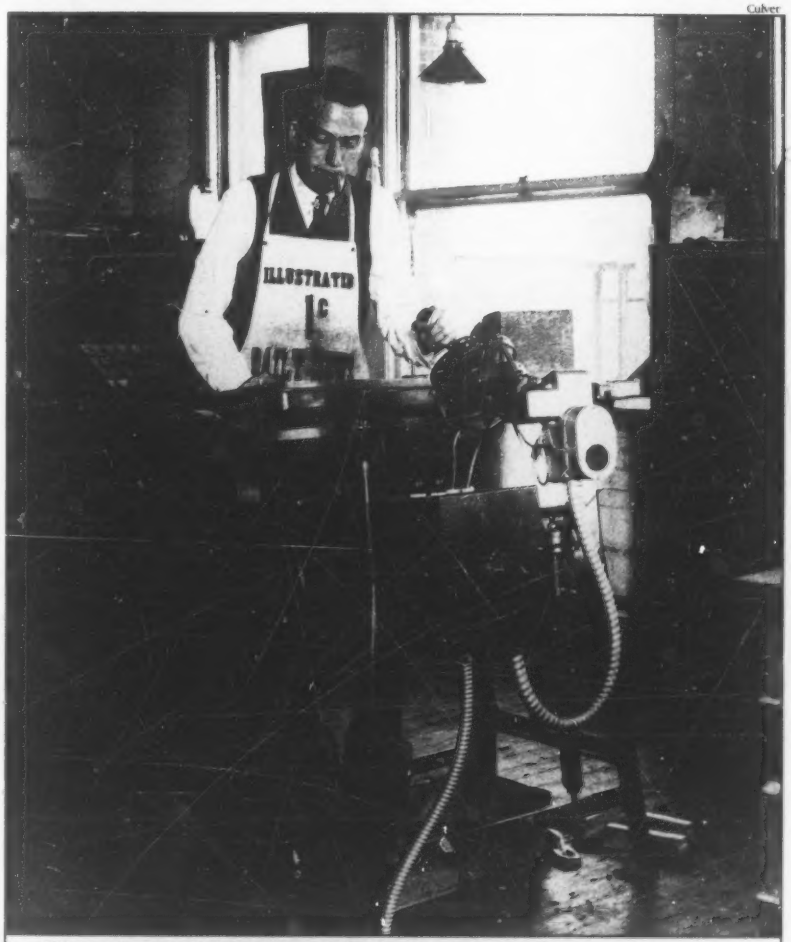
San Francisco. Heirs of Ben Swig, Bostonian who formed real estate partnership with New Yorker Jack Weiler *(see family)*. Jack stayed East, in NYC, Ben's family voted for San Francisco 1946. Ben dubbed "fastest checkbook in West" for generosity to Jewish, Catholic charities. Together built, bought commercial, hotel, residential properties. Swig, Weiler & Arnow now control over 5 million sq. ft., mostly office in NYC, SF. Swigs own posh SF Fairmont Hotel (called "priceless") and 4 sister Fairmonts throughout U.S. Paid estimated $180 million for Weiler's 50% stake 1982: "They

were nongrowth-oriented. We felt differently." Swigs recently put whole chain up for sale. Sons of Ben run empire: Richard, 64, runs hotels; Mel, 72, does deals. "It's hard to say if we would be friends if we hadn't been brothers." Brother-in-law Richard Dinner, 68, retired. Fortune believed to be $525 million. "We are selective rather than aggressive."

Taylor

Publishing. Origin: Boston. Fading *Boston Globe* revived 1872 by General Charles H. Taylor. Paper's management dominated by succeeding three generations. William O., 57, great-grandson of the general, current chairman of umbrella company Affiliated Publications, Inc. Jordan trust *(see Jordan family)* ends 1996; held 10 million shares. To ensure control, Taylor set up Class B stock in 1988, with 10 votes per share, limited transfer rights to keep control in Taylor family. Profits mostly fed back to paper. Notable exception: $82 million investment in McCaw Cellular Communications Cos. *(see McCaws)*. Affiliated spun off its 47.2% McCaw to stockholders May. Taylors' 15 million shares worth $555 million; almost twice value of their Affiliated Publications stock. Taylors maintain, nevertheless, modest lifestyle largely out of public eye. Fortune estimated at least $885 million.

Culver



Cornelius Vanderbilt IV. One of the few Vanderbilts to have a profession, he worked for nine different newspapers and wrote some fifteen books in his career as a journalist. He also found time for seven marriages.

Temple

Origin: Diboll, Tex. Thomas Louis Latane Temple Sr. founded Southern Pine Lumber Co. 1893 on 7,000 acres east Texas timberland. At father's death 1934, son Arthur inherited 200,000 acres with company $2 billion in debt. Under grandson Arthur Jr. (since 1951), grew to half-million-acre forest, low debt by 1973; developed "perpetual forest" selective harvesting. Merged with Time Inc. 1973. Arthur Jr., 69, Time vice chairman 1978-83; now chairman Temple-Inland, spun off 1984. Quit Time board 1989, opposed to Warner Communications merger: "I don't think the entertainment business is healthy for this country right now." Sold half his Time Inc. stock. More? "If you're gonna get out, you gotta sell, and I want out." Son Arthur III (Buddy), 48, now runs family real estate development co. after extensive political career. At least 30 family members own stakes in T-1, Time, etc. Believed to be worth $1.1 billion.

Upjohn

Kalamazoo, Mich. Descendants of Drs. Henry and William Erastus Upjohn. W.E. invented, patented first dissolvable pill for accurate dosage. Brothers founded Upjohn Pill & Granule Co. 1886. Developed Phenolax, premier flavored laxative (mint) 1908. Company innovations: Kaopectate; oral digitalis tablet for heart patients; also first to mass-produce antibiotics WWII; went public 1958. Hair-raising discovery: antibaldness wonder drug, Rogaine (approved in Canada, Europe, 1988 and recently by FDA). More R&D results 1987: produced Xanax, Halcion (central nervous system agents). Also Asgrow Seed Co.; produces agronomic, vegetable seeds. Family believed to hold 25% of stock, other assets worth $1.8 billion.

Watson

Armonk, N.Y. origin. Descendants of Thomas James Watson, who began as bookkeeper at $6 a week. Discovered his love for selling: sewing machines, musical instruments, cash registers; became president Computer-Tabulating-Re-

cording Co. 1914. Took salary, piece of profits, slowly bought shares. Renamed International Business Machines 1924. Established principles, "equal pay for equal work," "THINK." Built and dominated market for punch card accounting equipment; saw potential of first commercial computer from Univac. Died 1956, at 82. Left 4 children (2 deceased). Thomas Jr., 75, groomed, took IBM into computer revolution; grew: 1988 net profits $59.7 billion. Stepped down 1971; U.S. ambassador to U.S.S.R. under Carter. No Watson currently with IBM, but family believed to hold stock worth over $330 million.

Wattis

Ogden, Utah. Descendants of Edmund O. Wattis, who founded Utah Construction with brother, W.H., to finish railroad for bankrupt employer 1900. David Eccles, Mormon banker, polygamist, provided equity financing. (Eccles family fortune now dissipated.) Over next 50 years Utah International took on massive construction, earth-moving jobs: Hoover Dam, San Francisco-Oakland Bay Bridge, Western Pacific Railroad. E.O.'s grandson Edmund Littlefield *(which see)* chairman 1971; firm became international mining giant. Sold to GE 1976. One aunt, 8 third-generation cousins: "Without the GE stock, we'd still have done well as a family." GE provides cushion of at least $1.1 billion, though.

Weiler

NYC. Descendants of Jack Weiler, 85, son of Ukrainian Talmudic scholar, who operated in NYC while partner Ben Swig *(see family)* handled Boston, then SF. Brokered leases for retail chains 1940s, 1950s; bought commercial properties. Swig, Weiler & Arnow now control some 5 million sq. ft., mostly NYC, SF. Weilers sold their half of luxury Fairmont Hotel chain (SF, Dallas et al.) to Swigs for estimated $180 million 1982; "We did not appreciate the ownership of that kind of asset." Jack devotes much time to Jewish charities: "Philanthropy comes first, ahead of my business." Built homes in Israel for immigrants after WWII. Son Alan, 55, co. attorney; son-in-law Robert Arnow, 65, also active. Conservative Weilers share fortune estimated at "only" $465 million. "The Japanese aren't buying like a year ago."

Weyerhaeuser

St. Paul, Seattle et al. Frederick Weyerhaeuser (1834-1914), as 18-year-old German immigrant, worked in Illinois sawmill. Bought it out of bankruptcy 1857 with friend. Chopped timber in swath from St. Paul to Pacific. Bought 900,000 acres at $6/acre from railroad magnate James Hill 1900; formed Weyerhaeuser Co. Business empire included some 200 related companies, biggest (Potlatch, etc.) with interlocking directorates. Raised ire of Rough Rider Teddy Roosevelt for poor conservation. Practiced careful tree farming from 1940s. "This is not for us or our children. It is for our grandchildren." Grandson John Philip led breakup of interlocking directorates from 1947. Now largest U.S. privately owned forestlands, after feds, International Paper. 250 family members share fortune worth at least $935 million.

Whittier

Southern California. Descendants of Mericos H. Whittier, who co-founded Belridge Oil 1911 with 4 others; served as president until death, 1925. Son Leland president 1965-79. Two families sold out to Texaco, Mobil 1930s; Whittier, Buck, Green families *(see Dolly Green)* sold to Shell for $3.6 billion 1979. Their combined 56% stake represented largest takeover at that time. Mericos' 4 children, 9 grandchildren netted $475 million. Family maintains place in oil business through interest in small oil company, M.H. Whittier. Helen Whittier Woodward (d. 1984) donated eye institute to Scripps Foundation, Asia Complex to San Diego Zoo. "For safety's sake," family very private. Fortune now at least $700 million.

Wirtz

Chicago. Descendants of Arthur Wirtz, real estate and sports arena mogul, known as "Baron of the Bottom Line." Native Chicagoan returned home after U. of Michigan B.A. degree. First purchased real estate 1922; by 1927 owned/managed 80 buildings along lake. Depression made big bucks: reorganized failing building companies. Bought string of sports arenas with grain speculator Jim Norris, including Detroit Olympia, Madison Square Garden; split by antitrust suit. Norris' daughter sued family for damages in stock fraud case, but statute of limitations ran out. Oldest son William, 60, manages family's liquor distributorship (among largest Illinois, Minnesota), real estate, banking, hotel interests in Chicago. Also Chicago (hockey) Black Hawks, share of (basketball) Bulls. Family fortune worth at least $550 million.

Wolfe

Columbus, Ohio et al. Descendants of brothers Robert F. and Harry P., who amassed great wealth from Wear-U-Well shoes 1800s. Family sank monies into media; bought *Columbus Dispatch* 1905; later 2 TV, 2 radio stations, *Ohio* magazine, banking and real estate interests. Politically powerful Republicans. Considered one of Ohio's most influential families: "Nobody has a monopoly on money, but Wolfe has a monopoly on communications." Grandson John W., 61, cousin John F., direct 14-member family's affairs. Stock and other known assets worth over $570 million.

Yates

Artesia, N.M. First commercial wells on New Mexico side of Permian Basin drilled by oilman Martin Yates Jr. 1921. Family legend: It took a woman's touch, his wife's, to pick the spot that yielded gusher. Before that, all dry holes. Built pipeline, refinery 1920s, sold refinery in Depression. Martin's 4 sons: Harvey, Saint Clair Peyton (S.P.), Martin III and John built Yates Petroleum. A disastrous foray into mining forced Harvey to cash out to brothers 1963; rebuilt own oil fortune. Yates Petroleum is leader in N.M. Grandson Harvey Jr. has small Cibola Energy Corp. Third generation active in company. Yates Petroleum, other assets worth at least $370 million.

DROPOUTS

If you have 60 new additions or returnees to The Forbes Four Hundred, guess how many you remove to make room. This time, 5 died, 11 had declining fortunes, 30 got left behind, 11 merited realignment and 3 were found to require removal.

1989's departed

Brian Ajhar

DIED

Bechtel, Stephen Davison Sr. Oakland. Estimated $390 million fortune (father founded Bechtel Co.) in 1988. Died Mar. 14, 1989. Survived by wife, son and daughter. *(See Stephen Davison Jr.)*

Dorrance, John Thompson Jr. Gladwyne, Pa. Inherited father's Campbell Soup Co., 1930. Eventually chairman making (average) $93,000 in dividends per day. Died Apr. 9, 1989 of heart attack. Visible fortune amounted to $1.2 billion in 1988. *(See John T. Dorrance III, Bennett Dorrance and Mary Alice Dorrance Malone.)*

Smith, Vivian Leatherberry. Houston. Widow of oilman Robert Everrett. Died July 11, 1989. Her fortune, estimated at over $400 million in 1988, left to 2 daughters.

Sammons, Charles A. Dallas. Estimated $1.3 billion fortune in cable television, etc. Died Nov. 12, 1988. Survived by wife, daughter. Company reports most of fortune left to charity.

Wien, Lawrence Arthur. NYC and Westport, Conn. Estimated $350 million fortune (New York real estate) 1988. Died Dec. 10, 1988. Survived by wife, two daughters.

DECLINED

Ansin, Edmund Newton. North Miami. 53. Fortune estimated at $265 million lost value when Miami TV station, WSVN-TV, formerly NBC affiliate, was severed from network. Now under minimum.

Bright, Harvey Roberts. Dallas. 69. Oil and banking fortune, formerly estimated $400 million, suffered in S&L debacle. Personally spent $200 million trying to save RepublicBank in Dallas. Still has oil; sold Dallas Cowboys, other assets, but still below minimum.

Cox, John Lee. Midland, Tex. 64. Estimated $300 million oil fortune 1988. With dropoff in production, now below this year's $275 million minimum.

Guccione, Robert Charles Joseph Edward Sabatini. NYC. 57. Estimated $300 million in 1988; fortune mostly derived from, dependent on girly magazine *Penthouse*, continued to plummet this year on waning of nation's interest in skin books; now believed below minimum.

Hines, Gerald Douglas. Houston. 64. Real estate fortune, now estimated $225 million, feeling effects of Texas' economic troubles.

Imperatore, Arthur Edward. NYC. 64. Estimated $230 million fortune declined below minimum: Money going into massive real estate development on New Jersey side of Hudson River; trucking companies going through slump in revenues.

Kalmanovitz, Lydia. Tiburon, Calif. 84. Inherited husband Paul's fortune made in breweries; estimated worth $280 million 1988, declining owing to weakness in beer industry.

Lebow, Bennett Stephen. 51. Saddle River, N.J. Fortune estimated $330 million 1988, mostly in stocks of companies this turnaround artist was repairing. Problems in Western Union comeback, and feckless takeover attempt of Prime Computer, battered prices of stocks.

Manoogian, Alex. Grosse Pointe Farms, Mich. 88. A falling stock price chipped away at his $260 million in Masco Corp. stock from 1988, dropping him well below the minimum for this year. *(See Richard Manoogian.)*

Pogue, Alfred Mack. Dallas. 55. In same boat as Gerald Hines: fortune of $350 million declining because of Texas real estate and general economic woes.

Wang, An. Lincoln, Mass. 69. Founder of Wang Labs owned stock worth $365 million in 1988; shares battered by company slump, pessimism about management post-Wang; no longer meets minimum.

LEFT BEHIND

Anderson, Robert Orville. Roswell, N.M. 72. This fortune, estimated $240 million in 1988, made in oil and real estate, was surpassed by 400th fortune on list this year.

Binger, Virginia McKnight. NYC. 73. Heiress of fortune estimated $230 million 1988, mostly 3M stock; market rally wasn't strong enough to hoist her over the $275 million minimum for 1989.

Block, William. Pittsburgh. 74. Inherited fortune in Blade Communications. Company healthy but still below this year's minimum.

Carpenter, Robert Ruliph Jr. Montchanin, Del. 74. Inherited fortune of Margaretta L. du Pont, sister of Pierre S. *(see du Ponts)* just not provably up to this year's minimum.

Carr, Oliver Taylor Jr. Washington, D.C. 64. Estimated $240 million fortune (Washington, D.C. real estate) 1988. In spite of comparative strength of D.C. real estate market and high quality of Carr properties, recent divorce settlement believed to put fortune below this year's minimum.

Conover, Catherine Mellon. Washington, D.C. 53. Grandchild of financier Andrew Mellon. Inherited fortune not shown to be above minimum for this year.

Davidowitz, Joseph Morton. Lawrence, N.Y. 60. A fortune of $275 million in 1988, made in the stock market, not demonstrably above the minimum this year.

Dixon, Suzanne Searle. Lake Forest, Ill. 58. Great-grandchild of Gideon Searle, builder G.D. Searle, noted pharmaceutical company. Inherited share of fortune believed not up to this year's minimum for individuals. *(See Searle family.)*

Draper, Irene Carpenter. Montchanin, Del. 78. Sister of Robert Ruliph Carpenter Jr. Surviving children of Margaretta L. du Pont (sister of Pierre) *(see various du Ponts)*. Fortune not visibly up to minimum.

Ford, William Kenneth. Roseburg, Ore. 81. This fortune made from Ford's Roseburg Lumber Co., worth $230 million in 1988, hasn't kept pace with growth of other fortunes.

Fuqua, John Brooks. Atlanta. 71. Entrepreneur, founder of Fuqua Industries. Company in slowdown; John not visibly above $275 million.

Goodman, Murray Henry. Palm Beach. 63. Equity of $230 million in 1988. Top-quality properties not clearly above 1989's 400th.

Green, Dorothy (Dolly). Beverly Hills. 80s. Fortune of $240 million in 1988, gained through inheritance of oil, real estate money, not believed to have advanced above this year's $275 million threshold.

Hemmeter, Christopher Bagwell. Kahala Beach, Hawaii. 50. This fortune, estimated at $225 million in 1988, earned developing fantastic Hawaiian hotels, appears surpassed this year by rising minimum.

Horvitz, Harry Richard. Cleveland. 69. One-third share of estimated $780 million media, real estate fortune 1988 built by patriarch Samuel A. Horvitz, now considered family wealth. *(See Horvitz family.)*

Horvitz, Leonard C. Cleveland. 66. *(See above.)*

Horvitz, William D. Hollywood, Fla. 63. *(See above.)*

Jacobs, Irwin Lawrence. Minneapolis. 48. Investor, takeover artist. Still doing deals but after LBO not clearly at or above minimum.

Keck, William Myron II. Los Angeles. 47. Still has a fortune estimated at $240 million in 1988 derived mostly from sale of Superior Oil, but that's not $275 million. *(See Howard Keck.)*

Kozmetsky, George. Austin, Tex. 72. Cofounder Teledyne with Henry Singleton *(which see)*. Company doing fine, but fortune not at minimum.

Mellon, Timothy. Manchester, N.H. 47. Grandchild of financier Andrew Mellon. Inherited fortune not provably at or above minimum.

Olsen, Kenneth Harry. Lincoln, Mass. 63. Fortune of $250 million in 1988 in Digital Equipment Corp. stock. Holding steady in tightening computer market, but shares not maintaining this year's pace.

Palevsky, Max. Beverly Hills. 65. Computer entrepreneur's fortune, estimated $240 million last year, not visibly up to $275 million.

Pamplin, Robert Boisseau. Portland, Ore. 77. Textile maven with healthy company estimated $260 million 1988; just not conclusively up to 1989 minimum.

Rinker, Marshall Edison (Doc). Palm Beach. 84. His fortune $275 million after selling cement business in 1988; it hurts being number 401.

Scharbauer, Clarence Jr. Midland, Tex. 64. A $225 million (1988 estimate) inheritance in oil and real estate; solid in midst of oil slump, but conservative estimation now passed by larger fortunes.

Searle, Daniel Crow. Winnetka, Ill. 63. Great-grandchild of Gideon Searle, drugmaker. Inherited share of fortune not provably above our minimum for individuals. *(See family.)*

Searle, William Louis. Lake Forest, Ill. 61. *(See above.)*

Selig, Martin. Seattle. 52. Office building fortune (estimated $230 million in 1988) now believed less than 1988's minimum.

Snyder, Richard Wesley. Dallas. 51. Made a $230 million fortune in climate control units by 1988; no longer seems enough to keep up with the rising floor on the 400s.

REALIGNED

Collier, Miles Carnes. Naples, Fla. 42. This $450 million fortune derived from inheritance and investments now seen to be more widely shared among mother, siblings. Combined with Collier family entry *(which see)*.

du Pont, Helena Allaire Crozer. Chesapeake City, Md. Widow of Richard Chichester du Pont, one of

the children of A. Felix du Pont. Research has revealed that bulk of fortune belongs to her 2 children. *(See various du Pont entries.)*

Jacobs, David H. Bay Village, Ohio. 68. Estimated $300 million fortune (shopping malls) 1988. David and brother Richard E. Jacobs *(which see)* now believed to split $720 million fortune 30/70, putting Dave below minimum.

Kogod, Arlene Smith. Washington, D.C. 55. Shares in Washington, D.C.-area real estate fortune 1988; now reclassified as family. *(See Charles E. Smith family.)*

Krehbiel, John Hammond Sr. Downers Grove, Ill. 83. A $280 million fortune in 1988 derived from Molex, Inc., maker of plastic items; John's visible net worth now below minimum, but, with sons, reclassified as family.

Meijer, Frederik G. H. Grand Rapids, Mich. 70. Retailer. Research found that he passed control of large number of shares to various members of family. *(See Meijer family.)*

Pulliam, Eugene S. Indianapolis, Ind. 75. Newspapers. Reclassified as family fortune. *(See Pulliam family.)*

Sulzberger, Arther Ochs. NYC. 63. Trustee of New York Times stock for mother Iphigene; trust's value now considered classified more properly as family fortune. *(See family.)*

Sulzberger, Iphigene Ochs. NYC. 97. *(See above.)*

Smith, Charles E. Palm Beach, Fla. 88. Founder Washington, D.C.-area real estate fortune reclassified as family fortune. *(See Charles E. Smith family.)*

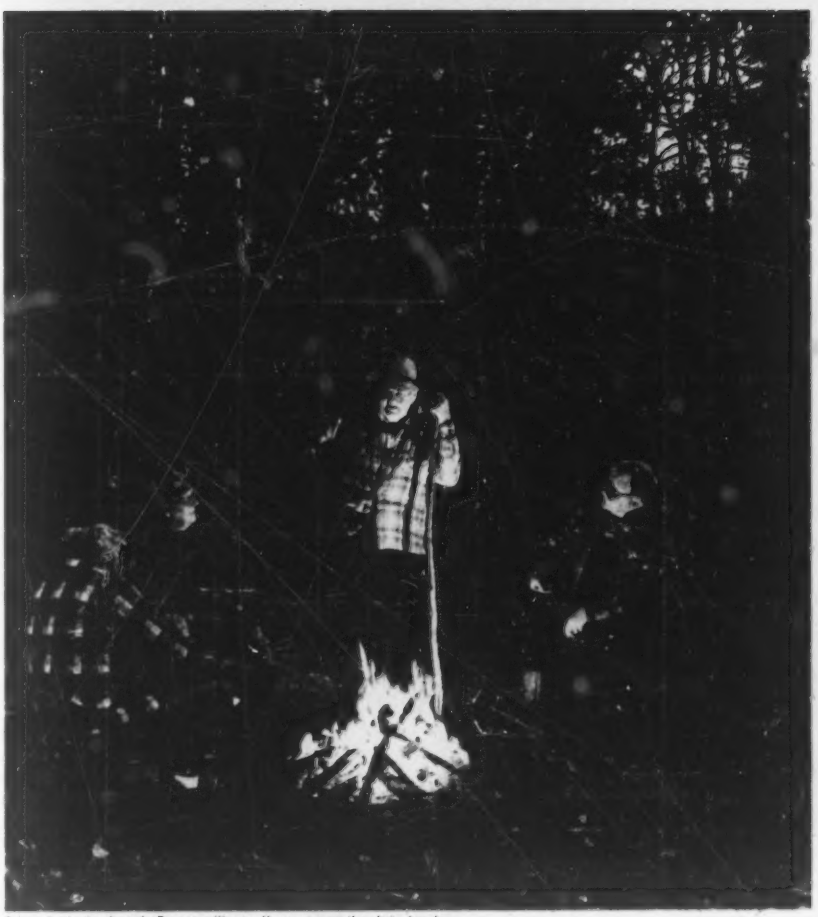
Smith, Robert H. Washington, D.C. 61. *(See above.)*

REMOVED

Buttner, Jean Bernhard. NYC. 54. Heiress of Value Line fortune; brother Van Bernhard now also believed significant inheritor.

Danner, Raymond L. Nashville. 64. His fortune, estimated $310 million 1988, found below 1989 minimum.

Guirlinger, Austin Edward. Columbus, Ohio. 63. Estimated 1988 fortune of $325 million based on audited book value now in doubt following filing under Ch. 11 of bankruptcy act.



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NEAR MISSES

Imagine having a quarter of a billion dollars and still not having enough. Here are ten candidates for this year's Forbes Four Hundred who don't have to imagine it at all.

Still short

Brian Ajhar

B. Francis Saul II

Banking, real estate. 57. Chevy Chase, Md. Married, 5 children. Villanova 1954; law, U. of Virginia 1957; passed D.C. bar 1959. Heir to D.C. real estate company founded by grandfather 1892. Formed B.F. Saul Real Estate Investment Trust 1957. Started Chevy Chase Federal Savings Bank in trailer (still there) at shopping center 1969; now largest consumer bank in Maryland. "Avoid risk. Spread risk. Be interest-rate sensitive. Lend to qualified borrowers. Do a few things but do them well." Private. Owns a dozen real estate, financial service firms. Took B.F. Saul REIT private late 1988. Companies' assets exceed $4 billion. Lifetime trustee Corcoran Gallery of Art. Net worth believed $275 million.

Anne Hendricks Bass

Divorce. NYC. 48. Split with Sid Bass *(which see)* after 21-year marriage; 2 daughters. Indianapolis-born daughter of surgeon John Hendricks; Vassar. Self-proclaimed perfectionist. Former Fort Worth power now conquering Manhattan society: International Council of Museum of Modern Art; board and executive committee NYC Ballet. Personal best staging fundraising gala: $650,000. "Sharing beauty with family and friends is, in part, a responsibility." Settlement—including 1.38 million shares Disney stock; $5.2 million Fifth Ave. apartment ko, Monet; George II, George III furniture—about $275 million; will allow a lot of sharing.

Donald Carter

Direct selling. Coppell, Tex. 56. Divorced, remarried; 6 children. Mother, Mary Crowley (d. 1986), with her savings, $6,000 loan, started own business—Home Interiors & Gifts—à la Avon, Mary Kay Cosmetics: sold decorations for the home (gilt wall sconces, butterfly plaques, etc.). Her sales expertise, Donald's financial acumen developed gilt-edged firm (estimated $430 million sales 1988). Donald majority owner Dallas (basketball) Mavericks. Low-key: 3-line *Who's Who* bio identifies only as basketball exec. Weekly prayer meetings for team: "I'm not saying every player walks and talks my morals, but they respect my morals, and that's all I have the right to ask for." Worth at least $270 million.

Peter May

LBOS. NYC; Bridgewater, Conn.; Palm Beach, Fla. 46. Married, 2 children. M.B.A. U. of Chicago. Peat Marwick CPA 1965; joined Nelson Peltz *(which see)* 1972. Pair acquired empire on junk debt: Triangle Industries 1983; National Can 1985 bailing out Victor Posner *(which see)*; American Can Packaging 1986; Uniroyal Chemical Co. 1986; internal expansion. "The excitement is building." Sold Triangle year-end 1988 to Pechiney S.A. (France), bought back nonpackaging, large real estate assets like Hollywood, Inc. (Fla.). May's share estimated $250 million. "I'd just as soon not be on [your] list, but it's always frustrating to look and say, 'Gee, I'm worth a lot more than that.' "

Frank Delano Hickingbotham

TCBY Enterprises ("The Country's Best Yogurt"). Little Rock, Ark. 53.

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THE GREAT AMERICAN INVESTMENT

Married, 2 sons. Baptist minister during college, junior high principal after. Later peddled insurance, established food processing business; sold out profitably 1981. Opened first "This Can't Be Yogurt," frozen yogurt shop 1981: "something to play with." Bought his own yogurt producer to assure consistency 1983; competitor's proprietary suit compelled name change 1985. Now an international business: more than 1,300 franchise stores, 125 company owned. Taking on giant ice cream stores by advertising health benefits. Net worth $250 million, mostly volatile TCBY stock. "We haven't scratched the surface."

Richard A. Bernstein

Publishing, real estate. NYC. 42. Married, 2 children. Brooklyn-born New York University grad (1968). "I thought the big boys in New York would chew me up." Owned and managed property Bethesda, Alexandria, Atlanta. Then bought dozen buildings midtown Manhattan at rock-bottom prices in NYC fiscal crisis. Sold out early 1980s, kept Newsweek Building. With his investment of $5 million acquired ailing Western Publishing 1984; turned it around, then took out $70 million 1986; has 21% worth $80 million. Bought wholesale medical, pharmaceutical suppliers 1987; revenues are running near $2 billion. Workweek between 90 and 100 hours. Net worth believed to exceed $250 million. "I'm more of a fixer than a builder."

Dwayne B. Reinhart

Gateway Foods, La Crosse, Wis. 69. Married, 4 children. Former sales manager for wholesale grocery firm in Rice Lake, Wis. Since 1956 building up 100%-owned Gateway Foods—$2.5 billion food wholesaler, largest privately held in U.S. Strictly wholesale to 1983, then acquired Minneapolis supermarket chain, National Tea. Enlarged supermarkets, renamed the stores "Rainbow's"; combined warehouse pricing, supermarket ambiance. Big success, very profitable; Reinhart continued making acquisitions. Modest: "We surround ourselves with good people. . . . To keep these people challenged, we have to continue to expand." Sold Gateway Foods September 1989. "Shrewd," "tough old bird." Net worth estimated over $250 million.

Gordon A. Cain

LBOs. Houston. 77. Married, 2 stepchildren. VP Conoco; left 1970 to become consultant. On golf course in 1982, at 19th hole, convinced John Burns, then president Conoco Chemical, to do management leveraged buyout. Despite chemicals recession, Cain found financing. Took public as Vista Chemical 1986; sold his 2% for $4.5 million. Next: packaged 4 leveraged chemical companies as Cain Chemical, sold to Occidental Petroleum 1988 for $2.2 billion, netted $100 million. Topped these with recent IPO of still another Cain company, Sterling Chemicals (formed from LBO of Monsanto Plant); Cain kept 7.77 million shares of Sterling. Net worth at least $250 million.

Leandro P. Rizzuto

Conair. Greenwich, Conn. 50. Divorced, 4 children. Must love Japanese. Left college at 19 to help manufacture, sell hair rollers invented by father. Leandro perfected first pistol grip (hand-held) hair dryer 1971, designed some models, persuaded Mitsui to make. Conair now number one in industry. Branched into telephones, housewares. Sales 1988, $282 million. Took Conair private in 1985 LBO. Already had 40%, paid $170 million for rest. Sitting on $272 million debt when Japanese firm bought his Zotos International (a Conair subsidiary that makes hair-care products, was one-third firm's 1987 volume) for $345 million. Net worth, courtesy Japan Inc., over $250 million.

Donald Joseph Laughlin

Gambling. Laughlin, Nev. 58. Separated, 3 children. As Minnesota teenager supplied slot machines to bars, restaurants for percentage. "They weren't really legal, but they weren't really illegal. The law was vague." To Las Vegas 1952; bought 101 Club Casino, sold 1964. Bought bankrupt bar, 8-room motel, land for $235,000 across Colorado River from no-gambling Arizona. Now 660-room hotel-casino, gaming revenues near $90 million. Laughlin (pop. 4,000) known as low-rollers' capital, but "we probably get as much black check action, that's $100 chip action, as most any casino in Las Vegas." Twenty acres riverfront land at $1.4 million an acre; Laughlin, at least $230 million.

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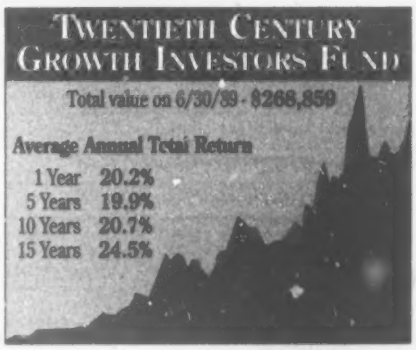

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Un-American riches

Name/Country/industry
OVER $10 BILLION
Mori, Taikichiro/Japan/property development
Tsutsumi, Yoshiaki/Japan/land, railroads, resorts
OVER $5 BILLION
Brenninkmeyer family/Holland/retailing
Itoyama, Eitaro/Japan/land
Rausing, Hans and Gad/Sweden/liquids packaging
Reichmann, Paul, Albert and Ralph/Canada/real estate
Shin Kyuk-ho (a.k.a. Shigemitsu, Takeo)/Korea/candy, real estate
Takei, Hirotomo/Japan/publishing, real estate
Thomson, Kenneth Roy/Canada/publishing, retailing
Watanabe, Kitaro/Japan/real estate, hotels
Yoshimoto, Haruhiko, with family/Japan/real estate
OVER $2 BILLION
Agnelli, Giovanni and family/Italy/autos, investments
Al-Rajhi family/Saudi Arabia/money changing
Areces, Ramón/Spain/retailing
Chang Yung-fa/Taiwan/shipping
Escobar Gaviria, Pablo/Colombia/cocaine
Ferrero, Michele/Italy/candy
Finck, Wilhelm and August von/Germany/banking, real estate
Flick, Friedrich Karl/Germany/industry
Furukawa, Tamesaburo/Japan/[illegible] estate
Grosvenor, Gerald Cavendish/U.K./property, investment
Hattori family/Japan/watches
Haub, Erivan/Germany/supermarkets
Henkel family/Germany/consumer products
Irving, Kenneth Colin/Canada/oil distribution, paper, land

Name/Country/industry
Ishii, [illegible]shi/Japan/finance
Iwasaki, Yohachiro/Japan/logging, property, resorts
Kamprad, Ingvar/Sweden/furniture retailing
Kobayashi, Shigeru/Japan/real estate
Liem Sioe Liong/Indonesia/finance, trade, manufacturing
Mohn family/Germany/publishing
Nakajima, Kenkichi/Japan/pachinko
Ochoa family/Colombia/cocaine
Oppenheim family, von/Germany/banking
Otani, Yoneichi/Japan/hotels
Quandt family/Germany/autos, industry
Sainsbury, David and family/U.K./supermarkets
Saji, Keizo/Japan/liquor
Sasaki, Kichinosuke/Japan/real estate
Schlumberger/Seydoux family/France/oil services
Schmidheiny, Stephan and family/Switzerland/construction, divers
Shino, Rinji/Japan/real estate, leisure
Takenaka family/Japan/construction
Thurn und Taxis, Johannes von/Germany/land, investments
Vestey, Samuel and Edmund/U.K./meatpacking
Weston, Garry and Galen/Canada/supermarkets
Yamaguchi, Hisakichi/Japan/cans
OVER $1 BILLION
Aga Khan IV/religion, investments
Albrecht family/Germany/supermarkets
Al-Ghanim family/Kuwait/auto retailing, investments
Al-Kharafi, Mohamed Abdul Mohsin/Kuwait/banking, construction
Al-Marzook family/Kuwait/real estate, investments

Name/Country/industry
Al-Sulaiman, Abdul-Aziz A./Saudi Arabia/cement, hotels, autos
Bauer, Heinz/Germany/publishing
Beisheim, Otto/Germany/retailing
Benetton family/Italy/clothing
Berlusconi, Silvio/Italy/broadcasting, construction
Bettencourt, Liliane/France/cosmetics
Bin Mahfouz family/Saudi Arabia/banking
Birla family/India/textiles, aluminum, autos
Botín family/Spain/banking
Botnar, Octav/U.K./auto dealerships
Bouriez family/France/hypermarkets, luxury goods
Bronfman, Charles/Canada/liquor
Camargo, Sebastião/Brazil/construction, manufacturing
Chung Ju-yung family/Korea/heavy industry
Cisneros family/Venezuela/consumer products
Droesmann family/Netherlands/retailing
Eaton family/Canada/retailing
Ermírio de Moraes, Antônio and family/Brazil/mining, industry
Fentener van Vlissingen family/Netherlands/oil & gas, consumer goods
Ferruzzi family/Italy/chemicals, agro-industry
Fujisawa, Akikazu/Japan/electronics retailing
Garza Sada family/Mexico/beer, steel, packaging
Grundig, Max/Germany/electronics
Haefner, Walter/Switzerland/car sales, software
Hariri, Rafik Bahanddin/Lebanon/construction, investments
Hayashibara, Ken/Japan/pharmaceuticals, real estate
Herz family/Germany/coffee retailing
Hsu family/Taiwan/textiles, cement, department stores
Ishibashi, Kanichiro/Japan/auto tires
Ito, Masatoshi/Japan/retailing
Jinnai, Ryoichi/Japan/consumer finance
Juffali family/Saudi Arabia/construction, truck distribution
Kadoorie family/Hong Kong/utilities, hotels
Kanoo family/Bahrain/shipping, airlin.
Kato, Masao/Japan/syrup, real estate
Kawamoto, Genshiro/Japan/real estate
Kawamura family/Japan/ink, chemicals
Kipp, Karl-Heinz/Germany/variety stores
Kobayashi, Heizo/Japan/restaurants, supermarkets, hotels
Koc, Vehbi/Turkey/conglomerate
Koo family/Korea/conglomerate
Koo family/Taiwan/banking, diversified
Kumagai family/Japan/construction
Kwek family/Singapore/finance, property

Name/Country/industry
Lee family/Singapore/banking, rubber trading
Lee Byung-chull family/Korea/trading, retailing, consumer goods
Li Ka-shing/Hong Kong/property development, industry
Ligresti, Salvatore/Italy/insurance, construction
Lundberg, Fredrik and family/Sweden/conglomerate, real estate
March family/Spain/banking, real estate
Marinho, Roberto Sr./Brazil/media
Matsuoka, Seijiro/Japan/real estate
Matsushita family/Japan/electronics
Maxwell, Robert/U.K./publishing
Miller, Robert/Hong Kong/retailing
Moores, Sir John/U.K./retailing
Morita family/Japan/consumer electronics
Mulliez family/France/hypermarkets
Murata, Junichi/Japan/fax, industrial machinery
Murayama family/Japan/publishing
Nangaku, Masao/Japan/property development, electronics retailing
Oetker, Rudolf August and family/Germany/food, brewing
Olayan, Suliman Saleh/Saudi Arabia/construction, investments
Otsuka, Masahito/Japan/pharmaceuticals
Otto family/Germany/mail order
Packer, Kerry/Australia/media, investments
Pao, Sir Yue-kong/Hong Kong/shipping, property development
Peugeot family/France/autos
Rodriguez Gacha, Gonzalo/Colombia/cocaine
Sabanci brothers/Turkey/conglomerate
Sacher, Paul and Sacher-Stehlin, Maja/Switzerland/pharmaceuticals
Safra brothers/Lebanon/banking
Sagawa, Kiyoshi/Japan/delivery service
Schickedanz family/Germany/mail order
Siemens family, von/Germany/electrical machinery
Swarovski family/Austria/rhinestones
Swire brothers/Hong Kong/Far East trading, airline
Takei, Yasuo/Japan/consumer finance
Thyssen-Bornemisza, Hans Heinrich/Switzerland/art, manufacturing
Tsai Wan-lin/Taiwan/insurance, construction
Tsutsumi, Seiji/Japan/retailing
Uehara, Shoji/Japan/pharmaceuticals
Vuitton family/France/luxury goods
Wang, Y.C./Taiwan/plastics
Werhahn family/Germany/retailing, banking
Yokoi, Hideki/Japan/real estate
Yoshida, Tadao/Japan/zippers, building materials

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Name	Page	Residence	Age	Worth ($mil)	Primary sources
A					
Albertson, Joseph Albert	216	Boise, Idaho	83	$600	Albertson's, Inc.
Alexander, Norman E.	262	Scarsdale, N.Y.	75	350	Sequa Corp.
Allbritton, Joe Lewis	216	Houston, Tex.	64	600	Media, banking
Allen, Charles Jr.	265	NYC	86	333	Stock market, real estate
Allen, Herbert	265	NYC	81	333	Stock market, real estate
Allen, Herbert Anthony	265	NYC	48	333	Stock market, real estate
Allen, Paul Gardner	208	Mercer Island, Wash.	36	690	Microsoft
Andersen family	292	Bayport, Minn.	–	500	Windows
Anderson, John Edward	261	Bel Air, Calif.	72	350	Beverage distribution
Anderson, Robert Orville ●	330	Roswell, N.M.	72	–	Oil, land
Annenberg, Walter Hubert	174	Wynnewood, Pa.	81	1,400	Publishing
Annenberg sisters	292	NYC	–	760	Publishing
Anschutz, Philip Frederick	178	Denver	49	1,250	Oil, railroads
Ansin, Edmund Newton ●	329	North Miami	53	–	Broadcasting
Anthony, Barbara Cox	156	Honolulu	66	2,500	Inheritance
Argyros, George Leon	287	Newport Beach, Calif.	52	290	Real estate
Arison, Ted	154	Miami Beach	65	2,860	Carnival Cruise Lines
Arrillaga, John	265	Palo Alto, Calif.	51	335	Real estate
Autry, Orvon Gene	288	Los Angeles	82	280	Broadcasting, baseball
Avery, Alice O'Neill	277	Los Angeles	72	300	Inheritance (real estate)
B					
Bacardi family	292	Puerto Rico, et al	–	1,000	Liquor
Baoudjakdji, Millicent V.	199	Los Angeles	49	438	Inheritance (media)
Bass, Anne Hendricks†	332	NYC	48	275	Divorce
Bass, Edward Perry	188	Fort Worth, Tex.	44	1,000	Oil, investments
Bass, Lee Marshall	178	Fort Worth, Tex.	33	1,250	Oil, investments
Bass, Robert Muse	172	Fort Worth, Tex.	41	1,440	Oil, investments
Bass, Sid Richardson	178	Fort Worth, Tex.	46	1,250	Oil, investments
Batten, Frank	223	Virginia Beach	62	500	Publishing, broadcasting
Bean family	292	Freeport, Me.	–	600	L.L. Bean
Bechtel, Stephen Davison Jr.	186	San Francisco	64	1,200	Engineering, construction
Bechtel, Stephen Davison Sr. ●	329	Oakland	dec.	–	Engineering, construction
Behring, Kenneth Eugene ★	278	Blackhawk, Calif.	61	300	Developer
Belfer, Arthur Bejer	257	NYC	82	360	Oil, real estate
Belk family	292	Charlotte, N.C.	–	360	Retailing
Belz family	292	Memphis	–	350	Real estate
Bennett, William Gordon	237	Las Vegas	64	445	Circus Circus
Berkley, William Robert	237	Greenwich, Conn.	43	440	Food processing, insurance
Bernstein, Richard†	334	NYC	42	250	Publishing, real estate
Berry, Jack Monteith Sr.	262	Winter Haven, Fla.	72	350	Citrus
Berry, John William Sr.	237	Dayton, Ohio	67	450	Yellow Pages
Binger, Virginia McKnight ●	330	NYC	73	–	Inheritance (3M)
Bingham family	292	Louisville	–	350	Newspapers
Blaustein, Morton K.	208	Baltimore	62	660	Inheritance (oil)
Block, William ●	330	Pittsburgh	74	–	Media
Bluhm, Neil Gary	204	Winnetka, Ill.	51	750	Real estate
Borg, Malcolm Austin	232	Englewood, N.J.	51	450	Publishing, broadcasting
Bredin, Octavia Mary du Pont	260	Greenville, Del.	76	350	Inheritance (Du Pont Co.)
Bren, Donald Leroy	162	Newport Beach, Calif.	57	1,850	Real estate
Bright, Harvey Roberts (Bum) ●	329	Dallas	69	–	Oil, real estate, banks
Broad, Eli ★	276	Los Angeles	56	310	Kaufman & Broad

★New entry. ☆Returnee. ●Dropout. †Near miss.

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Name	Page	Residence	Age	Worth ($mil)	Primary sources
Bronfman, Edgar Miles	160	NYC	60	$2,000	Seagram Co.
Brown, Harold	224	Boston	64	500	Real estate
Brown, Jack E.	247	Midland, Tex.	64	400	Oil, investments
Brown family	296	Louisville	–	1,000	Whiskey
Buffett, Warren Edward	152	Omaha	59	4,200	Stock market
Bullitt family	296	Seattle	–	600	Broadcasting
Busch, August Anheuser Jr.*	172	St. Louis	dec.	1,500	Anheuser-Busch
Butt, Charles C.	284	San Antonio, Tex.	51	300	Grocery stores
Buttner, Jean Bernhard ●	331	NYC	55	–	Inheritance (Value Line)

C

Cabot family	296	Boston	–	330	Cabot Corp.
Cafaro, William Michael ★	223	Youngstown, Ohio	76	500	Shopping malls
Cain, Gordon A.†	335	Houston	77	250	Leveraged buyouts
Campbell family	296	Hawaii, et al	–	700	Real estate
Cargill, James R.	205	Minneapolis	66	700	Inheritance (Cargill, Inc.)
Cargill, Margaret	205	La Jolla, Calif.	69	700	Inheritance (Cargill, Inc.)
Cargill/MacMillan families	296	Minneapolis, et al	–	4,800	Cargill, Inc.
Carlson, Curtis Leroy	199	Long Lake, Minn.	75	925	Entrepreneur
Carpenter, Robert Ruliph Jr. ●	330	Montchanin, Del.	74	–	Inheritance (Du Pont Co.)
Carr, Oliver Taylor Jr. ●	330	Washington, D.C.	64	–	Real estate
Carter, Donald†	332	Coppell, Tex.	56	270	Direct selling
Caruth, William Walter Jr.	224	Dallas	77	500	Real estate
Carver, Lucille ★	272	Muscatine, Iowa	72	320	Inheritance (Bandag, Inc.)
Chambers, Anne Cox	156	Atlanta	69	2,500	Inheritance
Chandler family	296	Los Angeles, et al	–	1,700	Times Mirror Co.
Chase, David Theodore	278	West Hartford, Conn.	60	300	Real estate, media
Clapp, Norton	232	Seattle	83	450	Inheritance (Weyerhaeuser)
Clark, Alfred James	247	Easton, Md.	61	400	Construction, real estate
Clark family	296	Cooperstown, N.Y.	–	350	Singer Manufacturing Co.
Close family	297	Fort Mill, S.D.	–	450	Textiles
Cohen, Arthur G. ★	264	Kings Point, N.Y.	59	350	Real estate
Cohen family	297	NYC area	–	450	Real estate
Cohn, Seymour	236	Palm Beach County, Fla.	79	450	Real estate
Collier, Miles Carnes ●	331	Naples, Fla.	42	–	Real estate, investments
Collier family	297	Naples, Fla.	–	1,000	Real estate
Comer, Gary Campbell	257	Chicago	61	360	Lands' End
Congel, Robert J. ★	279	Syracuse, N.Y.	54	300	Shopping malls
Connell, Grover	262	Westfield, N.J.	71	350	Food, equipment leasing
Conover, Catherine Mellon ●	330	Washington, D.C.	53	–	Inheritance
Cook, Jane Bancroft	213	Cohasset, Mass.	77	635	Inheritance (Dow Jones)
Cook, William Alfred	279	Bloomington, Ind.	58	300	Catheters
Cooke, Jack Kent	182	Middleburg, Va.	76	1,250	Real estate, investments
Cooke, Phoebe Hearst	199	San Francisco	62	438	Inheritance (media)
Coors family	298	Golden, Colo.	–	370	Beer
Copley, Helen Kinney	200	La Jolla, Calif.	66	865	Publishing
Cotsen, Lloyd Edward	264	Bel Air, Calif.	60	345	Neutrogena Corp.
Coulter, Wallace Henry	205	Miami Springs, Fla.	77	700	Blood
Cowles (Gardner) family	298	Minneapolis, et al	–	800	Newspapers
Cowles (William) family	298	Spokane, Wash.	–	430	Newspapers
Cox, Edwin Lochridge Sr.	284	Dallas	67	300	Oil
Cox, John Lee ●	329	Midland, Tex.	64	–	Oil
Cox, William Coburn Jr.	272	London, England	58	320	Inheritance (Dow Jones)
Crain, Gertrude Ramsay	268	Chicago	78	330	Publishing

★New entry ☆Returnee ●Dropout †Near miss *Death after press closing

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Name	Page	Residence	Age	Worth ($mil)	Primary sources
Crow, Fred Trammell	281	Dallas	75	$300	Real estate
Crown, Lester (and family)	160	Wilmette, Ill.	64	2,150	Inheritance, industrialist
Cullen family	298	Houston	–	1,300	Oil
Culverhouse, Hugh Franklin	256	Tampa	70	365	Real estate, banking, sports

D

Danner, Raymond L. ●	331	Nashville	64	–	Shoney's
Darden, Constance Simons du Pont ☆	260	Norfolk, Va.	85	350	Inheritance (Du Pont Co.)
Davenport, Elizabeth Lupton	270	Lookout Mountain, Tenn.	56	325	Coca-Cola bottler
Davidowitz, Joseph Morton ●	330	Lawrence, N.Y.	60	–	Stock market
Davidson, William Morse	218	Bloomfield Hills, Mich.	66	550	Guardian Industries Corp.
Davis, Marvin Harold	168	Beverly Hills	64	1,700	Oil, entertainment, real estate
Davis, Shelby Cullom	230	Tarrytown, N.Y.	80	490	Investment banking
Davis family	298	Jacksonville, Fla., et al	–	945	Winn-Dixie Stores
Dayton family	298	Minneapolis	–	1,300	Dayton Hudson
de Menil family	298	Houston	–	400	Inheritance
de Young family	301	San Francisco	–	810	Newspapers
DeBartolo, Edward John	174	Boardman, Ohio	80	1,400	Shopping centers
Dedman, Robert Henry	205	Dallas	63	700	Country clubs
DeVos, Richard Marvin☆	276	Ada, Mich.	63	315	Amway Corp.
Dikeou family	301	Denver; Orlando, Fla.	–	330	Real estate
DiLorenzo family	302	NYC	–	500	Real estate
Disney, Roy Edward	208	Los Angeles	59	660	Walt Disney Co
Disney family	302	Los Angeles	–	850	Walt Disney Co.
Dittmer, Thomas Henry	278	Lake Forest, Ill.	47	300	Commodities
Dixon, Fitz Eugene Jr. ●	281	Lafayette Hill, Pa.	66	300	Inheritance
Dixon, Suzanne Searle	330	Lake Forest, Ill.	58	–	Inheritance (G.D. Searle)
Dolan, Charles Francis	200	Oyster Bay, N.Y.	63	860	Cable television
Donnelley family	302	Chicago origin	–	1,110	R.R. Donnelley & Sons
Dorrance, Bennett ★	208	Paradise Valley, Ariz.	43	660	Inheritance (Campbell Soup)
Dorrance, John Thompson III ★	208	Devil's Tower, Wyo.	45	660	Inheritance (Campbell Soup)
Dorrance, John Thompson Jr. ●	329	Gladwyne, Pa.	dec.	–	Campbell Soup
Draper, Irene Carpenter	330	Montchanin, Del.	78	–	Inheritance (Du Pont Co.)
Dreiseszun, Sherman W.	265	Kansas City, Mo.	65	330	Real estate, banks
Duchossois, Richard Louis	257	Barrington, Ill.	68	360	Manufacturing, broadcasting
Duda family	302	Oviedo, Fla.	–	350	Agriculture
Duke, Doris	201	Somerville, N.J.	76	850	Inheritance
du Pont, Alexis Felix Jr.	261	Wilmington, Del.	83	350	Inheritance (Du Pont Co.)
du Pont, Helena Allaire Crozer ●	331	Chesapeake City, Md.	76	–	Inheritance (Du Pont Co.)
du Pont, Irénée Jr. ☆	260	Montchanin, Del.	69	350	Inheritance (Du Pont Co.)
du Pont, Willis Harrington ☆	277	Palm Beach, Fla.	53	300	Inheritance (Du Pont Co.)
du Pont (Pierre Samuel II) family	302	Wilmington, Del., et al	–	8,000	Inheritance (Du Pont Co.)
du Pont (William) family	303	Wilmington, Del., et al	–	830	Inheritance (Du Pont Co.)
Durst, David M.	265	Chappaqua, N.Y.	64	333	Real estate
Durst, Royal H.	265	Westchester Cty., N.Y.	70	333	Real estate
Durst, Seymour B.	265	NYC	76	333	Real estate
Dyson, Charles Henry	220	NYC	80	530	Conglomerator

E

Earhart, Anne Catherine Getty★	268	Seattle	37	330	Inheritance (oil)
Edson, John Orin	230	Seattle	56	475	Manufacturing, leisure craft
Ellis, Alpheus Lee	230	Tarpon Springs, Fla.	83	490	Banking, real estate

★New entry ☆Returnee ●Dropout †Near miss

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Name	Page	Residence	Age	Worth ($mil)	Primary sources
Ellison, Lawrence J.	213	Atherton, Calif.	45	$635	Oracle Corp.
Engelhard, Jane B.	262	Far Hills, N.J.	71	350	Inheritance
Evans, James Emmett	252	Dade City, Fla.	89	400	Citrus grower
Evans, Thomas Mellon	264	NYC	79	345	Investments

F

Feeney, Charles F.	164	London	58	1,700	Duty Free Shoppers
Fickling, William Arthur Jr.	257	Macon, Ga.	57	355	Charter Medical Corp.
Field, Frederick Woodruff	224	Beverly Hills	37	500	Inheritance (media)
Field, Marshall V	224	Lake Forest, Ill.	48	460	Inheritance, real estate, media
Fireman, Paul B.	254	Newton, Mass.	45	380	Reebok
Fisher, Donald George	226	San Francisco	61	500	The Gap
Fisher, Lawrence	248	NYC	79	400	Real estate
Fisher, Max Martin	237	Detroit, NYC	81	440	Oil, investments
Fisher, Zachary	248	NYC	78	400	Real estate
Flatley, Thomas John	218	Milton, Mass.	58	560	Real estate
Flint, Lucile Evelina du Pont☆	260	Greenville, Del.	74	350	Inheritance (Du Pont Co.)
Forbes, Malcolm Stevenson	226	Far Hills, N.J.	70	–	Publishing, real estate, art
Ford, Josephine Clay	200	Grosse Pointe Farms, Mich.	66	515	Inheritance (Ford Motor Co.)
Ford, Kenneth William ●	330	Roseberg, Ore.	81	–	Timber
Ford, William Clay	200	Grosse Pte. Shores, Mich.	64	860	Inheritance (Ford Motor Co.)
Ford family	303	Grosse Pointe, Mich.	–	2,000	Inheritance (Ford Motor Co.)
Forman, Michael Robert★	236	Bel Air, Calif.	54	450	Theaters, inheritance
Frankino, Samuel Joseph	284	Palm Beach, Fla.	65	300	Agency Rent-A-Car
Freeman, Mansfield	226	Greensboro, Vt.	94	360	Insurance
Fribourg, Michel	201	NYC	76	800	Grain trader
Fuqua, John Brooks ●	330	Atlanta	71	–	Entrepreneur

G

Galbreath, Daniel Mauck	254	Columbus, Ohio	61	390	Real estate
Galesi, Francesco	279	NYC	58	300	Real estate, telecommunications
Gallo, Ernest	261	Modesto, Calif.	80	350	Wine
Gallo, Julio	261	Modesto, Calif.	78	350	Wine
Galvin, Robert William	236	Barrington Hills, Ill.	67	450	Motorola
Gates, Charles Cassius Jr.	223	Denver	68	500	Gates Corp.
Gates, William Henry III	182	Seattle	33	1,250	Microsoft
Gaylord, Edward Lewis	192	Oklahoma City	70	1,000	Media, real estate
Geffen, David	230	Malibu, Calif.	46	490	Music
Getty, Caroline Marie★	268	San Francisco	32	330	Inheritance (oil)
Getty, Eugene Paul (J. Paul Jr.)☆	281	London	57	300	Inheritance (oil)
Getty, Gordon Peter	186	San Francisco	55	1,200	Inheritance (oil)
Glazer, Guilford	242	Beverly Hills	68	420	Real estate
Goldman, Alfred Dreyfus☆	252	Oklahoma City	51	400	Real estate, investments
Goldman, Lillian	252	NYC	67	400	Inheritance
Goodman, Murray Henry ●	330	Palm Beach, Fla.	63	260	Real estate
Goodson, Mark Les	262	NYC, Beverly Hills	74	350	Game shows
Gore family	304	Newark, Del.	–	500	Gore-Tex
Gottwald, Bruce Cobb	277	Richmond, Va.	56	305	Ethyl Corp.
Gottwald, Floyd Dewey Jr.	277	Charlottesville, Va.	67	305	Ethyl Corp.
Gould, Kingdon Jr.★	284	Laurel, Md.	65	290	Real estate
Graham, Donald E.★	390	Washington, D.C.	44	390	Washington Post Co.
Graham, Katharine	490	Washington, D.C.	72	490	Washington Post Co.
Green, Dorothy (Dolly) ●	330	Beverly Hills	80s	–	Inheritance (oil)

★New entry ☆Returnee ●Dropout †Near miss

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Name	Page	Residence	Age	Worth ($mil)	Primary sources
Green, Pincus	204	Zug, Switzerland	55	$775	Commodities trader
Greenberg, Maurice Raymond	226	NYC	64	490	American International Group
Greenewalt, M. L. du Pont☆	260	Greenville, Del.	87	350	Inheritance (Du Pont Co.)
Griffin, Ben Hill Jr.	254	Avon Park, Fla.	79	390	Citrus grower
Griffin, Mervyn Edward	281	Beverly Hills	64	300	Television
Gruss, Joseph S.	237	NYC	86	450	Oil, investments
Guccione, Robert Chas. Jos. Ed. S. ●	329	NYC	57	–	Publishing
Guirlinger, Austin Edward	331	Columbus, Ohio	63	–	Modular homes
Gund family	304	Cleveland origin	–	1,100	Inheritance

H

Haas, Fritz Otto	248	Ambler, Pa.	74	400	Rohm & Haas
Haas, John Charles	248	Villanova, Pa.	71	400	Rohm & Haas
Haas family	304	San Francisco	–	700	Levi Strauss & Co.
Haft family	304	Washington, D.C.	–	400	Retailing, real estate
Hall, Donald Joyce	212	Mission Hills, Kans.	61	650	Hallmark Cards
Hamilton, Dorrance Hill	230	Strafford, Pa.	61	450	Inheritance (Campbell Soup)
Hammons, John Quentin	268	Springfield, Mo.	65	330	Real estate
Harbert, John Murdoch III	216	Birmingham, Ala.	68	600	Construction, investments
Hardie, Mary Jane Hoiles	248	Marysville, Calif.	67	400	Publishing
Hardy, Joseph Alexander	256	Pittsburgh	66	370	Building supplies
Haseotes family	304	Massachusetts area	–	600	Convenience stores
Hearst, David Whitmire Jr.	199	Los Angeles	44	438	Inheritance (media)
Hearst, George Randolph Jr.	199	Los Angeles	62	438	Inheritance (media)
Hearst, Randolph Apperson	199	NYC	73	876	Inheritance (media)
Hearst, William Randolph Jr.	199	NYC	81	876	Inheritance (media)
Heinz, Henry John III	231	Fox Chapel, Pa.	51	460	H.J. Heinz Co.
Helmsley, Harry Brakmann	167	NYC	80	1,700	Real estate
Hemmeter, Christopher Bagwell ●	330	Kahala Beach, Hawaii	50	–	Real Estate
Hess, Leon	218	NYC	75	560	Amerada Hess Corp.
Hewlett, William Redington	188	Portola Valley, Calif.	76	1,100	Hewlett-Packard
Hickingbotham, Frank Delano†	332	Little Rock, Ark.	53	250	TCBY Enterprises
Hill, Margaret Hunt	186	Dallas	73	1,200	Inheritance (oil)
Hillenbrand family	304	Batesville, Ind.	–	895	Caskets
Hillman, Henry Lea	167	Pittsburgh	70	1,700	Industrialist, venture capital
Hillman, Howard Butcher★	242	Greenwich, Conn.	55	420	Inheritance
Hillman, Tatnall Lea★	242	Radnor, Pa.	51	420	Inheritance
Hilton, William Barron	182	Los Angeles	61	1,250	Hilton Hotels
Hines, Gerald Douglas ●	329	Houston	64	–	Real Estate
Hixon family	308	Pasadena, Calif.	–	670	Connectors
Hobby, Oveta Culp	212	Houston	84	650	Media
Hoiles, Harry Howard	248	Santa Ana, Calif.	73	400	Publishing
Hollingsworth, John D.★	204	Greenville, S.C.	71	750	Textile machinery
Horvitz, Harry R. ●	330	Cleveland	69	–	Inheritance
Horvitz, Leonard C. ●	330	Cleveland	66	–	Inheritance
Horvitz, William D. ●	330	Hollywood, Fla.	63	–	Inheritance
Horvitz family	308	Cleveland origin	–	690	Inheritance
Hostetter, Amos Barr Jr.	223	Boston	52	500	Cable TV
Houghton family	308	Corning, N.Y.	–	500	Corning Glass Works
Howard, Robert Staples	214	Rancho Santa Fe, Calif.	65	600	Publishing
Hubbard, Stanley Stub	257	St. Mary's Point, Minn.	56	360	Broadcasting
Huffington, Roy Michael	246	Houston	71	410	Oil
Hughes family	308	California, Nevada	–	1,800	Inheritance
Hunt, Caroline Rose	201	Dallas	66	800	Inheritance (oil), real estate

★New entry ☆Returnee ●Dropout †Near miss

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Hunt, Johnnie Bryan	288	Goshen, Ark.	62	$280	Trucking
Hunt, Ray Lee	174	Dallas	46	1,400	Inheritance, oil, real estate
Hunting family	308	Grand Rapids, Mich.	–	1,300	Steelcase
Huntsman, Jon M.★	236	Salt Lake City, Utah	52	450	Plastics

I

Icahn, Carl Celian	186	Bedford, N.Y.	53	1,200	Financier
Idema family	308	Grand Rapids, Mich.	–	1,300	Steelcase
Imperatore, Arthur Edward ●	329	NYC	64	–	Trucking, real estate
Ingersoll, Ralph McAllister II★	264	Lakeville, Conn.	43	345	Publishing

J

Jacobs, David H. ●	331	Bay Village, Ohio	68	–	Shopping centers
Jacobs, Irwin Lawrence ●	330	Minneapolis	48	–	Investments
Jacobs, Jeremy Maurice	214	East Aurora, N.Y.	49	625	Sports concessions
Jacobs, Richard E.	222	Lakewood, Ohio	64	505	Shopping centers
Jamail, Joseph Dahr Jr.★	270	Houston	63	325	Lawyer
Jobs, Steven Paul☆	250	Woodside, Calif.	34	400	Computers
Johnson, Barbara Piasecka	216	Princeton, N.J.	52	570	Inheritance
Johnson, Edward Crosby III	214	Boston	59	600	Investment management
Johnson, Samuel Curtis	205	Racine, Wis.	61	690	S.C. Johnson & Sons
Johnson family	309	Scattered	–	670	Inheritance (Johnson & Johnson)
Jordan family	309	Boston origin	–	865	Inheritance

K

Kalikow, Peter Stephen	218	NYC	46	570	Real estate
Kalmanovitz, Lydia ●	329	Tiburon, Calif.	84	–	Beer
Kaskel, Howard	218	NYC	52	560	Real estate
Kauffman, Ewing Marion	176	Mission Hills, Kans.	73	1,300	Marion Laboratories
Keck, Howard Brighton	279	Los Angeles	76	300	Superior Oil Co.
Keck, William Myron ●	330	Los Angeles	47	–	Superior Oil Co.
Keinath, Pauline MacMillan	231	Unknown	55	466	Inheritance (Cargill, Inc.)
Kelley family	310	Honolulu, Hawaii	–	580	Hotels
Kelly, William Russell	218	Troy, Mich.	83	550	Kelly Services
Kennedy family	310	Boston origin	–	800	Inheritance
Kerkorian, Kirk	176	Beverly Hills	72	1,300	Investments
King family	310	Short Hills, N.J.; NYC, et al	–	385	King World Productions
Kleberg family	310	King Ranch, Tex.	–	950	Inheritance
Kluge, John Werner	152	Charlottesville, Va.	75	5,200	Metromedia
Knapp, Cleon T. (Bud)★	279	NYC	52	300	Publishing
Knight, James Landon	276	Bal Harbour, Fla.	80	310	Knight-Ridder, Inc.
Knight, Philip Hampson	204	Beaverton, Ore.	52	760	Nike, Inc.
Koch, Charles de Ganahl	166	Wichita, Kans.	53	1,700	Inheritance (oil services)
Koch, David Hamilton	166	NYC	49	1,700	Inheritance (oil services)
Koch, Frederick Robinson	213	NYC, Monaco	55	500	Inheritance (oil services)
Koch, William Ingraham	213	Palm Beach, Fla.	49	650	Inheritance (oil services)
Kogod, Arlene Smith ●	331	Washington, D.C.	55	–	Real estate
Kohlberg, Jerome Spiegel Jr.	247	Mount Kisco, N.Y.	64	300	Leveraged buyouts
Kohler family	310	Kohler, Wis. origin	–	490	Plumbing fixtures
Kozmetsky, George ●	330	Austin, Tex.	72	–	Teledyne
Kravis, Henry R.	247	NYC	45	400	Leveraged buyouts
Krehbiel, John Hammond Sr. ●	331	Downers Grove, Ill.	83	–	Molex Inc.

★New entry. ☆Returnee. ●Dropout. †Near miss.

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Name	Page	Residence	Age	Worth ($mil)	Primary sources
Krehbiel family	310	Illinois area	–	$450	Molex Inc.
Kroc, Joan Beverly	199	Rancho Santa Fe, Calif.	61	950	Inheritance (McDonald's)

L

Landegger, Carl Clement	232	NYC	59	450	Paper Mills
Landegger, George Francis	232	NYC	51	450	Paper Mills
Lauder, Estée	223	NYC	81	500	Cosmetics
Lauder, Leonard Alan	223	NYC	56	500	Cosmetics
Lauder, Ronald Steven	223	NYC	45	500	Cosmetics
Laughlin, Donald Joseph †	335	Laughlin, Nev.	58	230	Gambling
Lauren, Ralph	220	NYC & vicinity	50	550	Apparel
Lawrence, M. Larry	224	San Diego	63	500	Real estate
Lebensfeld, Harry★	272	NYC	85	325	UIS, Inc.
LeBow, Bennett Stephen ●	329	Saddle River, N.J.	51	–	Financier
LeFrak, Samuel Jayson	168	NYC	71	1,700	Real estate
Lerner, Alfred	255	Shaker Heights, Ohio	56	370	Banking, real estate
Lerner, Theodore Nathan	252	Chevy Chase, Md.	63	400	Real estate
Lilly family	310	Indianapolis, et al	–	1,800	Pharmaceuticals
Lindemann, George L.★	232	NYC, Greenwich, Conn.	53	460	Cable TV, cellular phones
Lindner, Carl Henry II	201	Cincinnati	70	830	Insurance, banking
Litwin, Leonard	288	NYC	73	280	Real estate
Louis, John Jeffry Jr.	256	Winnetka, Ill.	64	360	Inheritance (Johnson Wax)
Ludwig, Daniel Keith	220	NYC	92	550	Shipping, real estate
Lupton, John Thomas	270	Chattanooga, Tenn.	63	325	Coca-Cola bottler
Lurie, Robert Alfred	246	San Francisco	60	415	Real estate, inheritance
Lurie, Robert Harris	240	Chicago	47	425	Real estate investments
Lykes family	312	Florida, et al	–	800	Shipping
Lyon, William	260	Coto de Caza, Calif.	66	350	Real estate

M

MacElree, Jane Cox	272	Newtown Square, Pa.	60	320	Inheritance (Dow Jones)
Mack family	312	NYC area	–	500	Real estate
MacMillan, Cargill	231	Minneapolis	62	466	Inheritance (Cargill, Inc.)
MacMillan, John Hugh III	231	Hillsboro Beach, Fla.	61	466	Inheritance (Cargill, Inc.)
MacMillan, Whitney	231	Minneapolis	60	466	Inheritance (Cargill, Inc.)
MacMillan, W. Duncan	231	Wayzata, Minn.	59	466	Inheritance (Cargill, Inc.)
Magness, Bob John	213	Englewood, Colo.	65	645	Cable TV
Malkin, Judd David	204	Winnetka, Ill.	51	750	Real estate
Malone, Mary Alice Dorrance★	208	Coatesville, Pa.	39	660	Inheritance (Campbell Soup)
Mandel, Jack N.☆	284	Shaker Heights, Ohio	77	297	Premier Industrial Corp.
Mandel, Joseph C.☆	284	Lyndhurst, Ohio	75	297	Premier Industrial Corp.
Mandel, Morton L.☆	284	Shaker Heights, Ohio	68	297	Premier Industrial Corp.
Manoogian, Alex ●	330	Grosse Pointe Farms, Mich.	88	–	Masco Corp.
Manoogian, Richard Alexander	255	Grosse Pointe Farms, Mich.	53	375	Masco Corp.
Marion, Anne Burnett	236	Fort Worth, Tex.	50	450	Inheritance
Markkula, Armas Clifford	272	Woodside, Calif.	47	320	Apple Computer
Marriott, Alice Sheets	231	Washington, D.C.	82	466	Inheritance (Marriott)
Marriott, John Willard Jr.	231	Chevy Chase, Md.	57	466	Inheritance (Marriott)
Marriott, Richard Edwin	231	Potomac, Md.	50	466	Inheritance (Marriott)
Mars, Forrest Edward Jr.	172	McLean, Va.	80s	1,500	Candy
Mars, Forrest Edward Sr.	172	Las Vegas	86	1,500	Candy
Mars, John Franklyn	172	Arlington, Va.	54	1,500	Candy
Marshall, Barbara Hall	212	Kansas City, Mo.	66	325	Inheritance (Hallmark Cards)

★New entry ☆Returnee ●Dropout †Near miss

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Name	Page	Residence	Age	Worth ($mil)	Primary sources
Marshall, James Howard II★	208	Houston	84	$670	Oil
Marx, Leonard Maximilian	277	Scarsdale, N.Y.	85	310	Real estate
May, Cordelia Scaife	223	Ligonier, Pa.	61	500	Inheritance
May, Irene Sophie du Pont☆	260	Wilmington, Del.	88	350	Inheritance (Du Pont Co.)
May, Peter†	332	NYC, Bridgewater, Conn.	46	250	Leveraged buyouts
McCaw, Bruce R.	220	Seattle	43	490	McCaw Cellular
McCaw, Craig O.	220	Seattle	40	550	McCaw Cellular
McCaw, John Elroy Jr.	220	Seattle	38	490	McCaw Cellular
McCaw, Keith W.	220	Seattle	36	490	McCaw Cellular
McClatchy family	312	Sacramento, Calif., et al	–	700	Newspapers
McDonnell family	312	St. Louis	–	400	McDonnell Douglas
McEvoy, Nan Tucker	288	San Francisco	70	275	Inheritance
McGovern, Patrick Joseph	246	Nashua, N.H.	51	410	Publishing
McGraw family	313	NYC, et al	–	740	McGraw-Hill
McLane, Robert Drayton Jr.★	281	Temple, Tex.	53	300	McLane Co.
Mead family	313	Wisconsin Rapids, Wis.	–	725	Consolidated Papers
Meijer, Frederik G.H.●	331	Grand Rapids, Mich.	70	–	Retailing
Meijer family	313	Grand Rapids, Mich.	–	400	Retailing
Mellon, Paul	201	Upperville, Va.	82	850	Inheritance
Mellon, Timothy ●	330	Manchester, N.H.	47	–	Inheritance
Mellon family	313	Upperville, Va., et al	–	4,200	Inheritance
Mendik, Bernard H.	256	NYC	60	370	Real estate
Meyer, August Christopher	250	Champaign, Ill.	88	400	Broadcasting
Milken, Michael Robert	178	Encino, Calif.	43	1,270	Financier
Milliken, Gerrish Hill	199	Greenwich, Conn.	72	900	Textiles
Milliken, Minot King☆	199	N/C	73	450	Textiles
Milliken, Roger	174	Spartanburg, S.C.	73	1,400	Textiles
Mills, Alice Francis du Pont	261	Middleburg, Va.	76	350	Inheritance (Du Pont Co.)
Milstein, Paul	240	NYC	67	420	Real estate
Milstein, Seymour	240	NYC	69	420	Real estate
Mitchell, George Phydias	216	Houston	70	590	Oil, real estate
Monaghan, Thomas Stephen	220	Ann Arbor, Mich.	52	530	Pizza
Moncrief, William Alvin Jr.	287	Fort Worth, Tex.	69	290	Oil & gas
Moody, Robert Lee	216	Galveston, Tex.	54	590	American National Insurance
Moore, Gordon Earle	254	Santa Clara County, Calif.	60	380	Intel Corp.
Moore, Jerry J.	212	Houston	61	650	Shopping centers
Moran, James Martin★	205	Hillsboro Beach, Fla.	71	700	Toyota
Morgan, Frank Sherman	265	Kansas City, Mo.	62	330	Real estate, banks
Morris, William Shivers III	254	Augusta, Ga.	55	380	Newspapers
Mugar, David Graves	288	Boston	50	280	Inheritance (broadcasting)
Murdoch, Keith Rupert	168	NYC	58	1,700	Publishing
Murdock, David Howard	192	Bel Air, Calif.	66	1,000	Investments
Murphy family	313	El Dorado, Ark.	–	550	Oil

N

Naify, Marshall	246	San Francisco	69	410	Movie theaters, cable TV
Naify, Robert Allen	246	San Francisco	67	410	Movie theaters, cable TV
Newhouse, Donald Edward	154	NYC	60	2,600	Publishing, cable TV
Newhouse, Samuel Irving Jr.	154	NYC	61	2,600	Publishing, cable TV
Nichols, Miller	281	Prairie Village, Kans.	78	300	Real estate
Nordstrom family	314	Seattle	–	1,400	Retailing

★New entry ☆Returnee ●Dropout †Near miss

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Name	Page	Residence	Age	Worth ($mil)	Primary sources
O					
Olsen, Kenneth Harry ●	330	Lincoln, Mass.	63	–	Digital Equipment Corp.
O'Connor family	314	Victoria, Tex.	–	$450	Inheritance
O'Neill, Richard Jerome	277	San Juan Capistrano, Calif.	65	300	Inheritance (real estate)
P					
Packard, David	162	Los Altos Hills, Calif.	77	1,900	Hewlett-Packard
Palevsky, Max ●	330	Beverly Hills	65	–	Computers
Paley, William S.	220	NYC	88	530	CBS, Inc.
Pamplin, Robert Boisseau ●	330	Portland, Ore.	77	–	Textiles
Park, Roy Hampton	216	Ithaca, N.Y.	79	600	Media
Parker, Jack	261	NYC; Boca Raton, Fla.	74	350	Real estate
Pasquerilla, Frank James	262	Johnstown, Pa.	63	350	Real estate, department stores
Paulson, Allen Eugene	255	Savannah, Ga.	67	375	Gulfstream Aerospace Corp.
Paulucci, Luigino Francesco	226	Sanford, Fla.	71	500	Food processing, real estate
Pearson, Edith du Pont ★	277	Montchanin, Del.	77	300	Inheritance (Du Pont Co.)
Peery, Richard Taylor	265	Palo Alto, Calif.	49	335	Real estate
Peltz, Nelson ★	250	Palm Beach, Fla.	47	400	Leveraged buyouts
Pennington, Claude Bernard	238	Baton Rouge, La.	89	430	Oil, gas
Pennington, William Norman	237	Reno, Nev.	66	445	Circus Circus
Perdue, Franklin Parsons	261	Salisbury, Md.	69	350	Chickens
Perelman, Ronald Owen	154	NYC	46	2,750	Leveraged buyouts
Perenchio, Andrew Jerrold	230	Bel Air, Calif.	58	485	Television
Perot, Henry Ross	156	Dallas	59	2,500	Electronic Data Systems
Perry, Claire Eugenia Getty ★	268	New Haven	35	330	Inheritance (oil)
Petersen, Robert Einar	236	Beverly Hills	63	450	Publishing
Petrie, Milton Jack	199	NYC	87	975	Petrie Stores
Pew family	314	Philadelphia origin	–	500	Inheritance
Phipps family	314	N.Y. et al	–	1,900	Inheritance (steel)
Pictet, Marion MacMillan	231	Geneva	56	466	Inheritance (Cargill, Inc.)
Pigott family	314	Seattle	–	800	Inheritance (Paccar)
Pilaro, Anthony Martin	256	Southampton, N.Y.	53	360	Duty Free Shoppers
Pitcairn family	314	Bryn Athyn, Pa., et al	–	725	Inheritance
Pogue, Alfred Mack ●	330	Dallas	55	–	Real estate
Pohlad, Carl Ray	205	Minneapolis	74	700	Banks, investments
Pontikes, Kenneth Nicholas ☆	288	Barrington, Ill.	49	280	Comdisco, Inc.
Posner, Victor ☆	284	Miami Beach	71	295	Financier
Pritzker, Jay Arthur	156	Chicago	67	2,350	Financier, manufacturing
Pritzker, Robert Alan	156	Chicago	63	2,350	Financier, manufacturing
Pulitzer family	314	St. Louis, et al	–	550	Inheritance (publishing)
Pulliam, Eugene Smith ●	331	Indianapolis	75	–	Newspapers
Pulliam family	314	Indianapolis, et al	–	600	Newspapers
R					
Rainwater, Richard Edward	278	Fort Worth, Tex.	45	300	Investments
Rangos, John G. Sr. ★	242	Pittsburgh	58	415	Solid waste
Redstone, Sumner Murray	152	Newton Centre, Mass.	66	2,880	Movie theaters, investments
Reid, Elizabeth Ann	212	Denton, Tex.	67	325	Inheritance (Hallmark Cards)
Reinhart, Dwayne B.†	334	La Crosse, Wis.	69	250	Gateway Foods
Resnick, Burton Paul	248	NYC; Rye, N.Y.	52	400	Real estate
Reynolds, Donald Worthington	188	Las Vegas	83	1,100	Publishing

★New entry ☆Returnee ●Dropout †Near miss

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Name	Page	Residence	Age	Worth ($mil)	Primary sources
Rich, Marc	204	Zug, Switzerland	55	$775	Commodities trader
Rich, Robert Sr.	238	Point Abino, Ontario	76	440	Rich Products Corp.
Richardson family	318	Greensboro, N.C., et al	–	1,000	Inheritance (Richardson-Vicks)
Riklis, Meshulam	223	Beverly Hills, NYC	65	500	Finance
Rinker, Marshall Edison (Doc) ●	330	Palm Beach, Fla.	84	–	Cement
Rizzuto, Leandro P. †	335	Greenwich, Conn.	50	250	Conair
Roberts, George R.	247	San Francisco	46	400	Leveraged buyouts
Robins family	318	Richmond, Va.	–	325	A.H. Robins
Robinson, Jesse Mack	276	Atlanta	66	310	Banking
Rockefeller, David	188	NYC	74	1,100	Inheritance, banking, real estate
Rockefeller, Laurance Spelman	199	NYC	79	950	Inheritance, investments
Rockefeller, Winthrop Paul	201	Winrock Farm, Ark.	41	850	Inheritance
Rockefeller (John D.) family	318	Scattered	–	5,000	Inheritance (oil)
Rockefeller (William) family	318	Scattered	–	350	Inheritance (oil)
Rollins, Orville Wayne	205	Atlanta	77	740	Rollins, Inc.
Root, Chapman Shaw	288	Ormond Beach, Fla.	64	290	Coca-Cola bottler, broadcasting
Rose family	318	NYC	–	475	Real estate
Rosenberg, Ruth Blaustein	208	Baltimore	90	330	Inheritance (oil)
Rosenwald family	320	NYC	–	400	Inheritance (Sears, Roebuck)
Rudin, Jack	204	NYC	65	750	Real estate
Rudin, Lewis	204	NYC	62	750	Real estate
Rust, Eleanor Francis du Pont ☆	260	Thomasville, Ga.	82	350	Inheritance (Du Pont Co.)
Ryan, Patrick George	268	Chicago	52	330	Insurance

S

Sammons, Charles A. ●	329	Dallas	dec.	–	Cable TV
Sarofim, Fayez Shalaby	288	Houston	60	280	Money management
Saul, B. Francis II †	332	Chevy Chase, Md.	57	275	Banking, real estate
Scaife, Richard Mellon	214	Shadyside, Pa.	57	600	Inheritance, publishing
Scharbauer, Clarence Jr. ●	330	Midland, Tex.	64	–	Inheritance (oil, land)
Schwan, Marvin Maynard	201	Sioux Falls, S.D.	60	800	Ice cream, pizza
Scripps (E.W.) family	320	Cincinnati origin	–	1,800	Inheritance (newspapers)
Scripps (J.E.) family	320	Detroit, et al	–	800	Inheritance (newspapers)
Searle, Daniel Crow ●	330	Winnetka, Ill.	63	–	Inheritance (G.D. Searle)
Searle, William Louis ●	330	Lake Forest, Ill.	61	–	Inheritance (G.D. Searle)
Searle family	320	Chicago area	–	800	Inheritance (G.D. Searle)
Segerstrom family	320	Orange County, Calif.	–	500	Real estate
Selig, Martin ●	331	Seattle	52	–	Real estate
Sharp, Peter Jay	278	NYC	59	300	Real estate
Shorenstein, Walter Herbert	237	San Francisco	74	440	Real estate
Silliman, Mariana du Pont ☆	260	Montchanin, Del.	78	350	Inheritance (Du Pont Co.)
Silverstein, Larry Abraham	240	NYC	58	420	Real estate
Simmons, Harold Clark	162	Dallas	58	1,900	Investments
Simon, Herbert	214	Indianapolis, NYC	54	300	Shopping centers
Simon, Melvin	214	Indianapolis, NYC	62	600	Shopping centers
Simon, Norton Winfred	204	Los Angeles	82	750	Industrialist, art
Simon, William Edward	278	New Vernon, N.J.	61	300	Leveraged buyouts
Simplot, John Richard	248	Boise, Idaho	80	400	Potatoes
Singleton, Henry Earl	208	Los Angeles	72	670	Teledyne, Inc.
Skaggs, Leonard Samuel Jr.	240	Salt Lake City, Utah	66	430	American Stores
Smart, Richard Palmer Kaleioku	277	Honolulu	76	310	Inheritance, ranching
Smith, Charles E. ●	331	Palm Beach, Fla.	88	–	Real estate
Smith, Richard Allan	232	Chestnut Hill, Mass.	64	460	Snyder General
Smith, Robert H. ●	331	Washington, D.C.	61	–	Real estate

★New entry ☆Returnee ●Dropout †Near miss

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Name	Page	Residence	Age	Worth ($mil)	Primary sources
Smith, Vivian Leatherberry ●	329	Houston	dec.	–	Inheritance (oil, real estate)
Smith family	324	Chicago origin	–	$880	Illinois Tool Works
Smith (Charles E.) family	324	Washington, D.C.	–	825	Real estate
Snyder, Richard Wesley ●	331	Dallas	51	–	Snyder General
Solow, Sheldon Henry	226	NYC	61	500	Real estate
Sorenson, James LeVoy	231	Salt Lake City, Utah	68	460	Medical devices
Soros, George	268	NYC	58	325	Money manager
Spanos, Alexander Gus	214	Stockton, Calif.	66	600	Real estate
Spelling, Aaron ☆	264	Holmby Hills, Calif.	66	345	Television
Stahl, Stanley Irving	240	NYC	65	430	Real estate
Steinberg, Saul Phillip	232	NYC	50	460	Financier
Stephens, Jackson Thomas	260	Little Rock, Ark.	66	350	Investment banking
Stephens, Wilton Robert	260	Little Rock, Ark.	82	350	Investment banking
Stern, Leonard Norman	168	NYC	51	1,500	Pet supplies, real estate
Stone family	324	Chicago	–	400	Stone Container Corp.
Stroh family	324	Detroit	–	600	Inheritance (beer)
Stuart family	324	Bellevue, Idaho	–	400	Inheritance (Carnation Co.)
Sulzberger, Arthur Ochs ●	331	NYC	63	–	New York Times
Sulzberger, Iphigene Ochs ●	331	NYC	97	–	New York Times
Sulzberger family	324	NYC	–	550	New York Times
Swig family	324	San Francisco	–	525	Real estate

T

Taper, Sydney Mark	272	Los Angeles	88	325	First Charter Financial Corp.
Tauber, Laszlo Nandor	222	Potomac, Md.	74	525	Real estate

★New entry ☆Returnee ●Dropout †Near miss

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Name	Page	Residence	Age	Worth ($mil)	Primary sources
Taubman, A. Alfred	156	Bloomfield Hills, Mich.	65	$2,150	Real estate, art
Taylor family	326	Boston origin	–	885	Inheritance (publishing)
Temple family	326	Diboll, Tex., et al	–	1,100	Inheritance (timber)
Terra, Daniel James	254	Chicago	78	395	Lawter International
Thalheimer, Louis	208	Baltimore	45	330	Inheritance (oil)
Thorne, Oakleigh Blakeman	246	Millbrook, N.Y.	57	405	Commerce Clearing House
Tisch, Laurence Allan	176	NYC	66	1,350	Loews Corp.
Tisch, Preston Robert	176	NYC	63	1,350	Loews Corp.
Tow, Leonard ★	276	New Canaan, Conn.	61	315	Cable TV
Tramiel, Jack	256	Zephyr Cove, Nev.	61	370	Atari Corp.
Trump, Donald John	164	NYC	43	1,700	Real estate
Turner, Robert Edward (Ted) III	164	Roswell, Ga.	50	1,760	Turner Broadcasting System
Tyson, Barbara	255	Fayetteville, Ark.	40	290	Tyson Foods
Tyson, Donald John	255	Springdale, Ark.	59	375	Tyson Foods

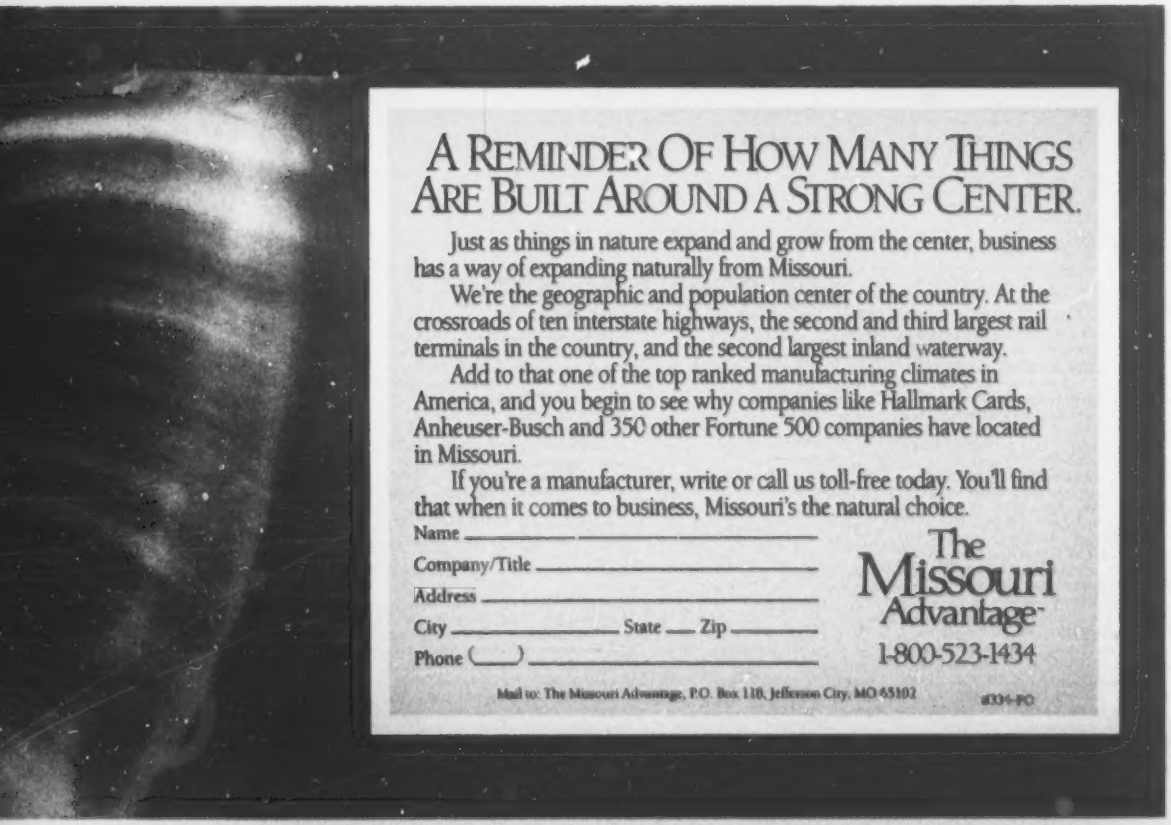
U

Ueltschi, Albert Lee	204	Dallas	72	770	Flight Safety International
Upjohn family	326	Kalamazoo, Mich.	–	1,800	Inheritance (Upjohn Co.)

V

Van Andel, Jay ★	276	Ada, Mich.	65	315	Amway Corp.
van Beuren, Hope Hill	230	Middletown, R.I.	55	475	Inheritance (Campbell Soup)
Van Kampen, Robert Donald	287	West Chicago	50	290	Bonds, real estate
Vogel, Jacqueline Mars	172	Bedminster, N.J.	50	1,500	Candy

★New entry ☆Returnee ●Dropout †Near miss



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Name	Page	Residence	Age	Worth ($mil)	Primary sources
W, Y, Z					
Wagner, Cyril Jr.	247	Midland, Tex.	55	$400	Oil, investments
Walton, Alice L. ★	162	Rogers, Ark.	40	1,800	Inheritance (Wal-Mart Stores)
Walton, James Lawrence	242	Bentonville, Ark.	67	415	Wal-Mart Stores
Walton, Jim C. ★	162	Bentonville, Ark.	41	1,800	Inheritance (Wal-Mart Stores)
Walton, John T. ★	162	San Diego	44	1,800	Inheritance (Wal-Mart Stores)
Walton, Sam Moore	162	Bentonville, Ark.	71	1,800	Wal-Mart Stores
Walton, S. Robson ★	162	Bentonville, Ark.	45	1,800	Inheritance (Wal-Mart Stores)
Wang, An ●	330	Lincoln, Mass.	69	–	Wang Laboratories
Ward, Louis Larrick	223	Kansas City, Mo.	68	500	Russell Stover Candies, Inc.
Washington, Dennis ★	247	Missoula, Mont.	54	400	Entrepreneur
Wasserman, Lewis Robert	272	Beverly Hills; Palm Springs	76	320	MCA, Inc.
Watson family	326	Armonk, N.Y. origin	–	330	International Business Machines
Wattis family	328	Ogden, Utah origin	–	1,100	Inheritance (Utah International)
Weber, Charlotte Colket ☆	230	Ocala, Fla.	46	320	Inheritance (Campbell Soup)
Wege family	308	Grand Rapids, Mich.	–	1,300	Steelcase
Weiler family	328	NYC	–	465	Real estate
Weinberg, Harry	201	Honolulu	81	800	Real estate, securities
Weis, Robert Freeman	230	Sunbury, Pa.	70	420	Weis Markets, Inc.
Weis, Sigfried	230	Lewisburg, Pa.	73	490	Weis Markets, Inc.
Wexner, Bella ☆	238	Columbus, Ohio	75	440	The Limited, Inc.
Wexner, Leslie Herbert	160	Columbus, Ohio	52	2,000	The Limited, Inc.
Weyerhaeuser family	328	St. Paul; Seattle, et al	–	935	Inheritance (timber)
Whitney, Betsey Cushing Roosevelt	262	Manhasset, N.Y.	81	350	Inheritance
Whittier family	328	Southern Calif.	–	700	Inheritance (oil)
Wien, Lawrence Arthur ●	329	NYC; Westport, Conn.	dec.	–	Real estate, law
Williams, Arthur L. Jr. ★	287	Duluth, Ga.	47	290	Insurance
Wirtz family	328	Chicago	–	550	Inheritance (real estate)
Wolfe family	328	Columbus, Ohio, et al	–	570	Inheritance (newspapers)
Woodner, Ian	264	NYC	86	345	Real estate, art
Wrigley, William	222	Lake Geneva, Wis.	56	530	Wrigley's
Yates family	328	Artesia, N.M.	–	370	Oil
Zell, Samuel	240	Chicago	47	425	Real estate, investments
Ziff, William Bernard Jr.	192	Manalapan, Fla.	59	1,000	Publishing
Zuckerman, Mortimer Benjamin	247	NYC	52	400	Real estate

★New entry ☆Returnee ●Dropout †Near miss

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John Morton, media analyst, Lynch, Jones & Ryan, NYC
National Mall Monitor magazine, Clearwater, Fla.
New American Network, Inc., Hightstown, N.J.
Oil & Gas Directory, Austin, Tex.
Phil Owens, president, American International Bloodstock Agency, Inc., Lexington, Ky.
Donald R. Peterson, editor, *Car Collector* magazine, Atlanta
Henry Primeaux, president, Primco Corp., Arlington, Tex.
Professional Builder, magazine, Des Plaines, Ill.
Real Estate Data, Inc., NYC; Miami
Gerald D. Reilly, Gerald D. Reilly Associates, Greenwich, Conn.
R.L. Resick, R.L. Resick & Co., NYC
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WAL-MART'S FUTURE: MORE GROCERIES, SLOWER GROWTH

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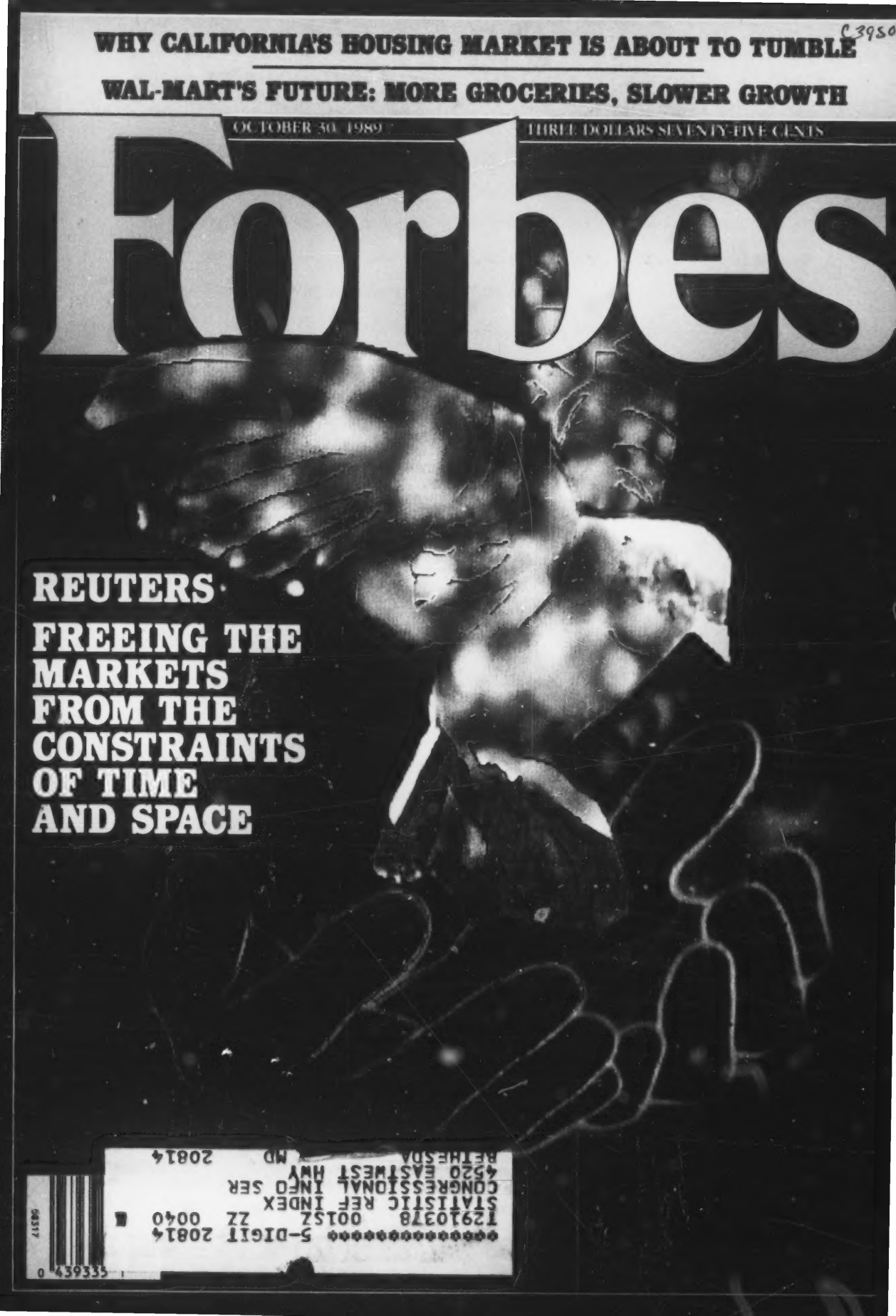

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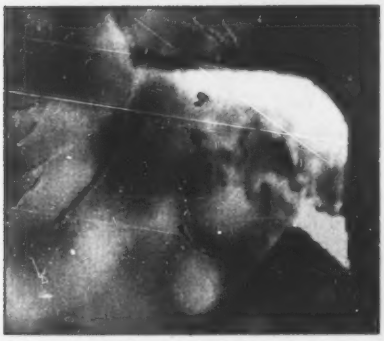

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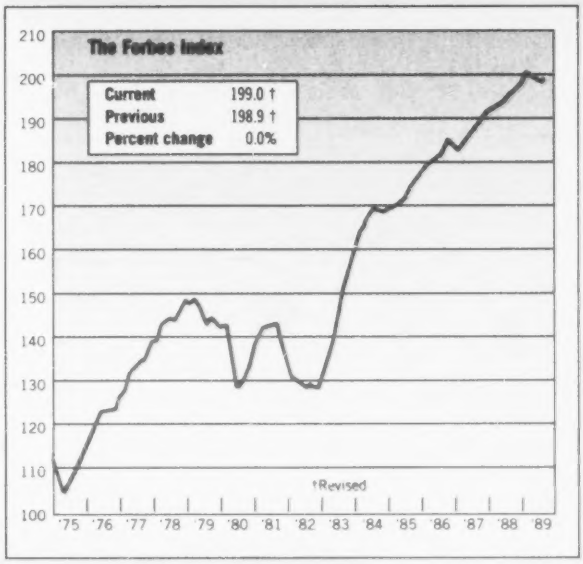
The Forbes Index



Confusing signals. The Forbes Index for August is where it was last December. Sluggish growth in industrial production joined with weakness in the housing market to nullify improvement in other Index components such as personal income and new unemployment claims. Manufacturers' new orders jumped 4% in August, to $127 billion, the best monthly total since April, while inventories hit an alltime high of $247 billion. At the moment, the economy is full of such confusing signals. In real terms, growth in the gross national product has remained positive, but Allen Sinai, chief economist at Boston Co., expects the annualized growth rate to fall from 4.4% in 1988 to 3% in 1989.

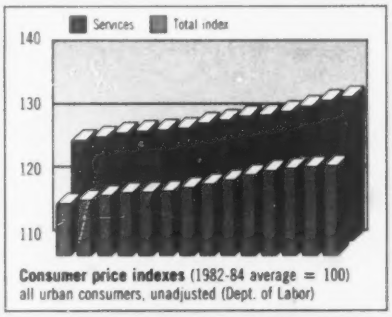
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.5%
Auto sales[1] year to date vs. 1988	Ward's Automotive	–3.8%
Index of leading indicators August vs. July	Dept. of Commerce	0.3%
Trade balance last 12 months	Dept. of Commerce	–$112 bil
Producer price index[2] August vs. 1988	Dept. of Labor	4.2%
GNP 2nd quarter vs. 1st—annualized growth	Dept. of Commerce	2.5%

[1]U.S. based manufacturers only as of 9/30/89. [2]Finished goods.

Index Components

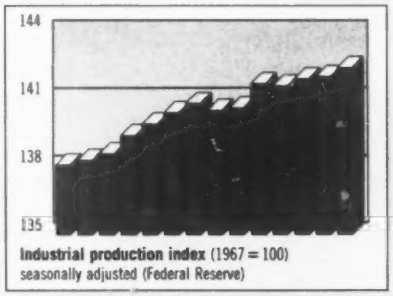
The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.

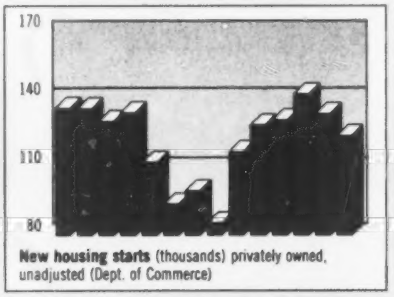


Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)

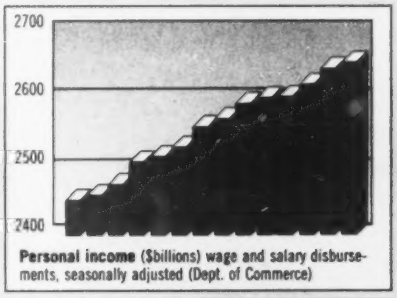
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



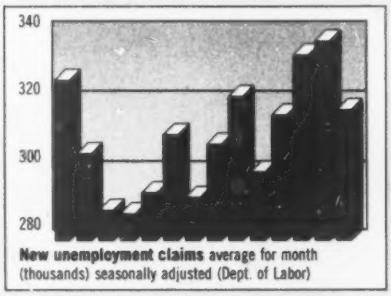
Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)



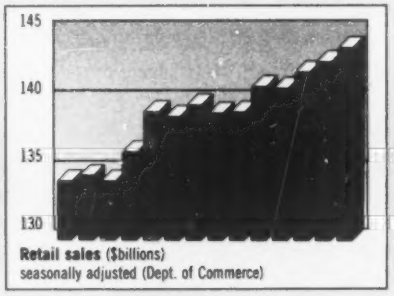
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)

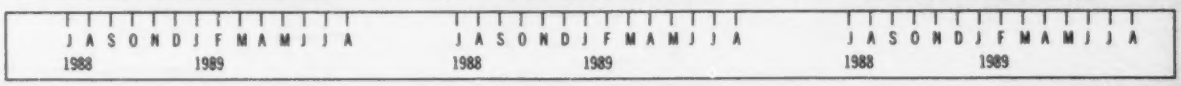


New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)

Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)



Farmers are buying tractors again. With its big J.I. Case division finally catching fire, Tenneco is feeling the warmth.

Case study in determination

By Rick Reiff

UNTIL THIS YEAR, J.L. Ketelsen's affection for tractors was a frightful experience for Tenneco Inc., the $14 billion (1988 sales) industrial products and energy conglomerate that he runs. Beginning with the purchase of International Harvester's battered farm equipment business in 1985, Ketelsen has poured more than $1 billion into J.I. Case Co., Tenneco's tractormaking subsidiary, which is number two, behind Deere & Co., among American farm equipment makers.

What has Ketelsen's billion brought? From 1985 through last year, Case's accumulated operating losses came to $613 million.

But Ketelsen is a determined man. A 13-year veteran of Racine, Wis.-based Case before he moved to Tenneco's Houston headquarters in 1972, Ketelsen has actually increased Tenneco's reliance on the volatile and cyclical tractor business. Having sold Tenneco's oil company assets for $7.4 billion last year to repurchase 14% of its stock and trim debt, Tenneco now has half of its $9.5 billion of nonfinance company assets tied up in Case, which also sells construction machinery. Tenneco's natural gas pipelines, the last remnants of its once dominant energy operations, make up only a fourth of the assets. Chemicals, minerals, auto parts, shipbuilding and packaging make up the rest.

Finally, though, Ketelsen's determination to stay with Case is paying off. His stubbornness has gained for Tenneco an enviable and increasing share of what is suddenly a surging market for the big-ticket ($50,000 and up) row crop tractors and combines that are the hallmark of the combined Case-IH line. Through August, with a bumper corn harvest still ahead, U.S. farmers had purchased 12,000 two-wheel-drive, 100-and-over horsepower tractors—a 25% rise from a year ago.

The same leverage that nearly killed Case before is now working its upside wonders. Operating profit in the traditionally strong second quarter surged to a record $116 million this year, a fivefold increase from 1988. On 22% higher sales of $1.4 billion, Case's operating margin was 8%, just below the 9% margin enjoyed in the second quarter by its highly regarded archrival, Deere.

Nor does this appear to be a temporary flash on Case's bottom line. Many who track the farm machinery business believe farm equipment spending is at the beginning of an upswing that could last five to seven years. The average tractor in use is now 12 years old, and farmers have cash to replace them after three years of record profits fueled by higher commodity prices and generous federal subsidies. Their land, often pledged as collateral for tractor loans, is worth 20% more than it was three years ago. Good used equipment from foreclosure sales is scarce, and 18-month inventories on equipment dealer lots have been pared down to a six-month supply.

With Case finally back in the black, Tenneco's first-half income from continuing operations more than doubled, to $289 million. Tenneco is expected to pay its $3.04 dividend com-

Ralf Finn Hess & Sabal Press

J.I. Case Chief Executive James Ashford
Striving for such a quality product that customers won't flinch when he raises prices.

pletely out of profits for the first time since 1984, and have at least $1 to spare. The stock market is warming toward Tenneco, sending its stock to the $61-a-share level, 15 times projected earnings. But even that looks reasonable. Tractor sales are still only a third of their 1979 level, so there is plenty of room for Case to grow.

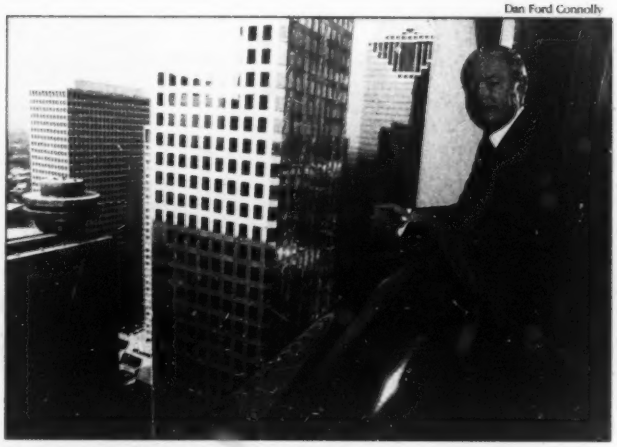
Ketelsen is the first to admit that he misgauged the severity of the farm recession. Tractor sales dropped 60% before the International Harvester deal. They then tumbled a further 40%. With the benefit of hindsight, Ketelsen says he would not have bought Harvester. "I wouldn't have had the guts," he says.

Ironically, the Harvester purchase is the key to why Case is doing so beautifully today. Ketelsen bought International Harvester's assets cheap. He says he recouped much of the $475 million purchase price just from the value of Harvester machine tools that he moved from shuttered plants to Case facilities worldwide. And Harvester gave Case the sales volume and economies of scale needed to absorb the costs of modernizing plants and developing new products.

Just as important, Case plugged into Harvester's broader product line and superior dealer network. Case changed the color of its tractors from white to Harvester red, and gained Harvester's legion of loyal customers, who now took their tractors to the Case-owned dealerships for service and the best trade-in. Spare parts sales jumped by $500 million a year.

Most important of all, the deal made Case a strong runner-up in the farm equipment oligopoly. With Deere, it now controls three-fourths of the market in big two-wheel-drive tractors and combines. Ford Motor Co.'s Ford New Holland unit, already a major factor in small tractors and mammoth four-wheel-drive vehicles, could threaten this cozy arrangement. But Ford lacks the dealer network to sell a lot of big two-wheelers in the Midwest. The Deere-Case dominance especially threatens low-volume competitors Massey-Ferguson (part of Canada-based Varity Corp.), Deutz-Allis (formerly Allis-Chalmers, and now owned by West Germany's Kloeckner-Humboldt-Deutz), as well as White-New Idea (part of Chicago-based Allied Products). All are either fading or struggling to hold share.

Dan Ford Connolly



Tenneco Chief Executive J.L. Ketelsen
His abiding affection for tractors has begun to pay off.

As good as things are currently looking, Case's turnaround is not yet complete. By Ketelsen's own admission, management dallied in cutting costs and closing the quality gap with Deere. That has changed under James Ashford, who previously ran Tenneco's successful Walker muffler and Monroe shock absorber lines.

Since taking over as Case's chief executive officer less than two years ago, Ashford has replaced 87 of his top 100 managers, closed three plants, eliminated 3,000 jobs and put a more efficient engine in the combines. Total annual savings: $120 million. Aiming for another $400 million a year in savings by the end of 1990, Ashford is now eliminating 5,500 of Case's 8,000 suppliers, standardizing parts and working to get better control over dealer inventories. To show he is serious about quality, Ashford shut down the company's tractor plant in Racine for four days until engineers redesigned a faulty brake piston.

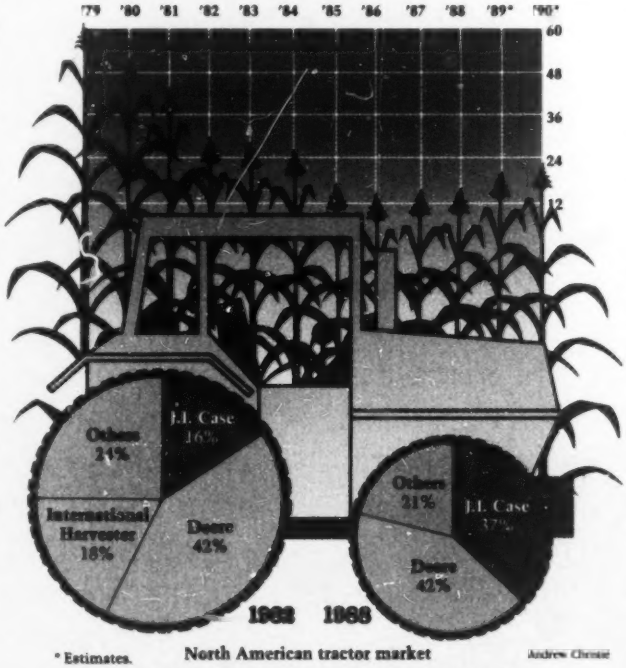
Ashford's objective is to produce such a quality product that customers and dealers won't flinch when he raises prices on new models or refuses to sell his machines for less than the comparable John Deere models. There is already evidence that Case's quality is improving. The two-year-old Magnum tractor, its best-seller, features a more fuel-efficient engine, a Deere-style power shift and a five-year warranty, an industry innovation.

Ending six consecutive years of losses, Case is expected to make $200 million or so in operating profits this year. Agreeing that this is still a meager 6% return on Tenneco's investment, Ketelsen says he expects Case to earn twice that amount in two years.

Given the man's proven determination, and Case's markedly improved environment, it will be surprising if Case doesn't reach—or exceed—his goal. ■

Tenneco's harvest

Though U.S. sales of big tractors have not recovered to the levels of a decade ago, Tenneco's purchase of International Harvester's tractor line and the decline of smaller rivals have increased its share of the business.



* Estimates. **North American tractor market** Andrew Christie

Sources: Farm and Industrial Equipment Institute; Starks Off-Highway Ledger

The funnies business is in turmoil these days as comic strip artists battle to recapture the rights to their work.

Free Peanuts! Free Beetle Bailey!

By Eric Schmuckler

THINGS ARE NOT at all fun and games in the comic strip business these days. War is more like it, a war between the comic strip artists and the newspaper syndicates that sell those comics—not to mention editorial cartoons, opinion and service columns, horoscopes and crossword puzzles—to the nation's daily newspapers. The artists, in fact, are successfully battling for creative and financial control of their work, just as film and music stars have done over the past couple of decades. And their victories are upsetting the cozy arrangement that's prevailed since William Randolph Hearst perfected the syndicate business three-quarters of a century ago.

The traditional relationship of syndicates to artists is best described as medieval. Young artists eager to be syndicated have generally signed notoriously one-sided contracts. A standard clause, for instance, gave the syndicate all rights to the strip and characters, with renewal at the syndicate's option—meaning the artist was locked up for life. If the artist got too obstreperous, the syndicate could simply get someone else to draw the strip. All revenues were split more or less in half between the artist and the syndicate, after expenses were skimmed off the top.

So, for example, Charles Schulz does not own the copyright to *Peanuts*, the world's leading strip. That is the property of United Media, part of publicly held E.W. Scripps Co. (Admittedly, with Schulz this is more a matter of principle than of profits, since *Peanuts* earns him some $30 million a year.) "Your characters are hostages," notes Mell Lazarus, creator of the *Momma* and *Miss Peach* strips.

Indentured servitude? Consider the plight of Tom Batiuk, creator of the long-running, moderately successful strip *Funky Winkerbean*, now owned by King Features. "I've been trying to renegotiate my contract for 2½ years, and I'm not making any headway," Batiuk complains. "My syndicate's position is that I don't have any rights."

But nowadays many top artists clearly have their former masters on the defensive. Perhaps the watershed battle was last year's cave-in by King Features to *Family Circus* creator Bil Keane. When Keane renewed his contract in 1978, the syndicate insisted on bettering its take and threatened to replace him with another artist. But when it came time to renew last year, Keane threatened to take the dispute public and was prepared to sue; King gave in, handing Keane the copyrights. Estimated value: more than $10 million, since Keane's wife and son Jeff (who are also the basis for characters in the strip) are being groomed to take over the cartoon someday.

The big syndicates, in any case, have been declining for decades—victims of stagnating newspaper readership, fewer dailies and more homegrown feature material. The syndicates responded by mining the gold in beloved characters like Snoopy, Garfield and Popeye, who are adapted and repackaged for animated TV shows, movies and books, and licensed to manufacturers of just about everything. Says one former syndicate executive, "Without licensing, this industry would have collapsed long ago."

That said, core sales to newspapers (leaving aside licensing, etc.) are probably $100 million at most. Comic strips are said to account for 75% of that. But no one knows for sure, because syndicates are legendarily secretive about revenues and even their client counts. It's not even clear whether Scripps' United or Hearst Corp.'s King Features is number one, although United, with $140 million in revenues (this time, licensing included), appears to have pulled ahead *(see table, page 162).*

King was long regarded as the industry leader, but many now think it's a dinosaur. Its roster resembles a comics museum, with antiques such as *Bringing Up Father* (remember Maggie and Jiggs?), *Popeye* and *Apartment 3-G* dozing alongside aging powerhouses *Blondie*, *Dennis the Menace* and *Wizard of Id*. Although it does well overseas, Hearst acknowledged King's overall decline when it shuffled the

Ann Summa

Mell Lazarus, father of Momma
"Your characters are hostages."

Opus ©1989 Washington Post Co. Blondie and Dagwood ©1989 King Features Syndicate, Inc. Momma ©1989 Creators Syndicate, Inc.

division earlier this year, putting two extra layers of management between King President Joseph D'Angelo and Hearst's head honchos.

"This is essentially a mature business," admits United Media President Robert Roy Metz, who nonetheless maintains that his sales and profits are growing. With its two 800-pound gorillas, *Peanuts* and *Garfield*, United has raised licensing to an art form—pop art, that is. Licensing brought in $69 million last year, roughly three times sales to newspapers, and has made Schulz and *Garfield* top cat Jim Davis perennials on FORBES' tally of top-earning entertainers.

United, for one, still assigns itself ownership of a strip forever in its standard contract. Metz' response to artists' demands for control: "It's not important who owns the rights. What matters is what you do with them." But for an increasing number of artists these days, what their syndicates are doing isn't good enough.

Consider Universal Press Syndicate, the hottest outfit of the 1980s. It was founded in 1970 and grew to prominence with Garry Trudeau's *Doonesbury*. Universal boasts a dazzling array of contemporary strips *(Calvin and Hobbes, Cathy, The Far Side, Doonesbury)*, plus two of the four superstar syndicated columnists, Dear Abby and Erma Bombeck (the others are Ann Landers and Art Buchwald). For all its success, though, more than a few of its artists are unhappy, particularly with Universal's licensing effort. Three of them—Cathy Guisewite of *Cathy*, Lynn Johnston of *For Better or For Worse* and Jim Unger of *Herman*—recently hired an attorney from the high-powered show-biz firm, Bloom, Dekom & Hergott in Los Angeles. "Universal is a brilliant syndicate," says Guisewite, "but there are licensing companies out there that are more expert at it."

Cartoon tycoons

Ranking the big syndicates isn't easy because they're zealously private. These estimates include newspaper syndication and related revenues: licensing, TV, movies, publishing and information services.

Company Parent	Revenues ($mil)	Leading features
United Media E.W. Scripps	$140	*Peanuts, Garfield, Frank and Ernest,* Jack Anderson, Miss Manners
King Features Hearst Corp	120	*Blondie, Beetle Bailey, Hägar the Horrible,* *The Family Circus*
Tribune Media Services Tribune Co	40	*Shoe, Mother Goose & Grimm, Brenda Starr,* Mike Royko
Universal Press independent	40	*Doonesbury, Calvin and Hobbes, The Far* *Side,* Dear Abby, Erma Bombeck
LA Times Syndicate Times Mirror	10	Art Buchwald, Henry Kissinger, Sylvia Porter, *Pogo*
Creators Syndicate independent	8	Ann Landers, *B.C., Momma*

Sources: Industry executives; Editor and Publisher

Momma's-boy Mell Lazarus, who doubles as president of the National Cartoonists Society, also questions the syndicates' expertise in merchandising and television. "If it's good, it sells—it has nothing to do with the presence of a syndicate," he says. "I did my own TV specials based on *Miss Peach*." Lazarus owns his characters, including Momma, a toned-down version of his own mother, "except she doesn't believe it's her. She thinks it's my Aunt Helen."

Shonna Valeska

Mort Walker, creator of Beetle Bailey
The syndicate owned the rights to his name.

Lazarus last year joined industry upstart Creators Syndicate, which was founded in 1987 and promptly lured several big names by offering complete control and, reportedly, bigger percentages. Forty percent owned by Britain's Robert Maxwell, Creators' roster includes Ann Landers, *B.C.*, drawn by Johnny Hart, and editorial cartoonist Herblock. "In my view, the talent pays our salaries, not the other way around," says Creators founder Richard Newcombe.

Another top cartoonist who recaptured his rights was *Bloom County*'s Berke Breathed. The story goes that Breathed won back his characters in the spring and then sandbagged his syndicate, Washington Post Writers Group, by retiring the strip; apparently he didn't want them hiring someone else to draw his strip's stars, Opus the philosophical penguin and Bill the Cat.

Artists are even fighting to control their strips from beyond the grave, since syndicates have frequently hired others to continue a strip after the creator's death. Charles Schulz fought hard years ago to win a guarantee from United that the *Peanuts* strip will expire when he does, although Bob Metz notes that Snoopy will still be top dog in the licensing pantheon.

"It's a wonderful annuity for the children," says Mort Walker, who is dickering with King Features over the rights to the *Beetle Bailey* and *Hi and Lois* strips. Walker's family business grosses around $2.5 million a year for King and employs six people. Walker knows the value of rights: He started a new strip several years ago for United and had to use a different byline, because King insisted it owned the rights to Walker's own name. ■

Hägar the Horrible, Dennis the Menace and Beetle Bailey ©1989 King Features Syndicate, Inc. B.C. ©1989 Creators Syndicate, Inc.

changes in critical opinion. But don't look for what Carey calls the "stuffy and unreadable" writing of hard-core academics in Cliffs. He prefers hiring high school teachers, because they know how to explain a text in comfortable terms. And while Cliff himself has never penned a note, his daughter Linda, a former librarian, has done revisions on two Shakespeare titles.

Over the years, more than a dozen competitors have tried to break in on Cliffs Notes' profitable little world, with no success. Cliffs' Spellman says the company has 80% of the market for literary study guides; the claim is not disputed by Pamela Byers, publisher of number-two-ranked Monarch Notes, owned by Paramount Communications' Simon & Schuster division.

How does Cliffs stay on top? For one thing, the company spent $1 million last year on advertising—mostly in magazines like *Scholastic* and *Seventeen*, as well as co-op ads with bookstores in college papers—while rivals did relatively little consumer advertising. Besides, notes Spellman, "$11 million is a pretty big figure to me. But to any one of the major publishers, $11 million is something they can live with or live without." But Cliffs Notes doesn't win every battle. In an effort to protect its trademark cover, the company in July sued the Bantam Doubleday Dell Publishing Group over a Cliffs Notes parody, written by the editors of New York's *Spy* magazine. Bantam won.

While he watches his business carefully, Hillegass does not cut corners when it comes to his employees. Cliffs Notes' generous profit sharing plan, for example, amounts to substantially more than the 10% of pretax profits that Hillegass gives to local charities every year. "I have certain theories of how you treat your people that I'd like to see maintained."

Cliffs Notes has given Hillegass a certain measure of local celebrity. When the University of Nebraska Cornhuskers play at home, he and second wife Mary sit in the 74,000-seat stadium's press box. Hillegass says that offers to buy him out have been coming in almost from the beginning; last year alone he received 20 offers, most of them "ridiculously high." Meaning? "Oh, 35 times earnings." That multiple would value Cliffs Notes at around $70 million. But Hillegass says he has never considered selling out. Says he with more than a trace of midwestern chauvinism: "I'd just as soon see the Notes stay in Nebraska." ■

The whole restaurant trade—from the white tablecloth crowd all the way on down to the burger joints—is suffering a severe attack of profit squeeze.

Couch potatoes don't dine out

By Richard Phalon

IT IS THE PEAK of the lunch hour at Aurora, a chic Manhattan restaurant owned by famed restaurateur Joseph Baum. In his 45 years in the trade, Baum has created (or recreated) such gastronomic landmarks as the Four Seasons, Windows on the World and, most recently, the Rainbow Room, atop Rockefeller Center. Today he scans the waiters gliding within easy beck of the celebrities in the house. He assays the rising hum of conversation, the muted clatter of china. He tells a guest softly, "We're doing all right, but these are not good days for the industry."

Baum considers himself lucky that evening volume at Aurora is down only about 10% from last year. It could be worse. Scores of fancy restaurants from Boston to Los Angeles are going out of business. The spectacular collapse of such heavily hyped names as Joanna and Il Palazzo in New York echoes in the wariness of survivors everywhere. Says Santa Monica's Michael McCarty, owner of Michael's, one of the Los Angeles area's most expensive restaurants, "The gangbuster days are definitely over."

It would be easy to pin this malaise entirely on factors such as the October 1987 stock market crash or the reduction (to 80%) of the tax deductibility of business entertainment. Easy, but misleading. The fact is that the entire $147 billion eating place industry—from haute cuisine on down to the corner diner—is in a state of turmoil.

Adjusted for inflation, restaurant revenues are expected to inch up only 2.4% this year, versus 2.8% in 1988 and 4% in 1987. As a matter of fact, if this year's 2.4% projection proves accurate, it will be the weakest showing since 1981. Worse, as the table on page 216 shows, operating margins for several big publicly traded restaurant chains have been squeezed sharply over the past year.

Blame the malaise instead on technology and an aging population. On the technology front, the biggest threats to restaurants have been microwave ovens and VCRs. As for demographics, call it the flowering of the couch potato. Baby boomers are now often saddled with kids of their own. They find eating at home more economical and more convenient, what with Johnny's football practice running late and Susie's piano lesson on Tuesdays at 6:30 p.m. Baldly put, many millions of Americans are tired of eating out, or can't work it into their schedules.

Signs of indigestion are everywhere:

- Fast foods slow down: Wendy's and other chains are fighting uphill *(see table)*. Even McDonald's is showing little real growth. The seemingly insatiable appetite for burgers and fries that made Big Mac one of the great success stories exhibits all of the clinical manifestations of a maturing market: chronic price cutting, heavier advertising costs, dwindling sales per dollar of investment, narrowing profit margins. There is still money to be made out of chopped meat, but it no longer cascades in a golden arch to the bottom line.
- Savvy insiders getting out. Tom Monaghan, 52, founder and 97% owner of fast-food success story Domino's Pizza, provoked a storm of questions with the announcement last month that he was "exploring the idea" of selling his $2.3 billion company. Monaghan allowed as how he wanted more free time to pursue charitable

work. Wall Street parsed this more mundanely: Monaghan wants to get out at the top. Said one analyst: "Domino's has been on a fantastic growth rate that cannot endure."

Others eager to exit include the Rosenthals, majority owners of Jerrico, Inc., a 1,500-unit nationwide seafood chain. They assured reporters there were "no financial troubles" behind their agreement to sell to Castle Harlan and DIS/Inverness for $24.25 a share, the highest price on the stock since before the 1987 crash. Nonetheless, Jerrico's profit margins have been declining for the last three years.

• A wave of restructuring. Citing a maturing of the industry, Shoney's increased the debt on its balance sheet to more than $600 million, using part of the proceeds to pay shareholders a special $20 dividend. Ordinarily, newly raised funds would have been earmarked for construction of new restaurants, but under its new strategy Shoney's plans to concentrate on improving margins at existing outlets.

There were at least seven major buyout deals last year, including such familiar house flags as Chi-Chi's and Foodmaker, Inc. As restaurant growth slows even further this year, more deals are expected. Michael Mueller, an analyst who follows the restaurant trade for Montgomery Securities, sees Collins Foods (a franchisee of Kentucky Fried Chicken), the Sizzler steak chain and Vicorp (Village Inn, Bakers Square) as among the restructuring candidates.

The problems affecting the chains also hurt the expensive, privately held restaurants like Joe Baum's Aurora. One of the biggest headaches is customers' resistance to price increases. Until fairly recently, almost every level of the restaurant business could pass along higher costs. The impact was particularly marked in the haunts of the expense account aristocracy, with dinner and a couple of drinks creeping upwards of $100 a head at places like Manhattan's Four Seasons. As more and more establishments were drawn into this segment of the business, there came the inevitable collision with reality.

Knowledgeable restaurateurs like Baum think this weakness is more than just a cyclical replay of the late 1960s, when the stock market declined and the IRS presided over an earlier crackdown on business entertaining. Baum sees change at work. "There is a difference between expensive and outrageous," he says. "People are much more sophisticated about prices and value. When the value isn't there, they go somewhere else with their money."

Has America reached the saturation point with restaurants? Perhaps so. There are nearly 50% more restaurants now than there were 15 years ago. Sharper competition is compounded by the tendency of all ages to spend more time at home, riveted to the VCR and cosseted by food that makes its way to the table through the microwave.

If the restaurants are losing, who's winning? Among the big winners are purveyors of take-out and take-home victuals, like Larry Shapiro, who (with some part-time help from his 86-year-old father) runs the family-owned Marty's wine and food emporium in the Oak Lawn section of Dallas. At lunchtime, Marty's does a booming business in salads and sandwiches for the office crowd; in the evening, it's spinach-stuffed chicken or beef tenderloin with vegetables for the couch potatoes.

Who are they? "Singles; working couples with no children or young children; and to a certain extent, empty-nesters going to gray whose kids are out of the house," says Shapiro.

Catering to the home trade has enabled Shapiro, 41, to prosper in a generally distressed Texas city where "in the last three years there has been a big exodus of upscale restaurants." Those that remain, continues Shapiro, "are crying," but surviving because they, too, have gone into the

Steve Saxon

Marty's of Dallas
A booming business in take-home.

A Domino's delivery in Brooklyn
Getting out while the getting is good?

take-home business.

Adaptability is the key. At the lower end of the market, Gene Bicknell's National Pizza Co. has doubled its revenues to more than $120 million in the last three years because he took a leaf from Domino's book and pushed heavily into home delivery. Mario Sbarro's pizza and pasta cafeterias are going great guns because Sbarro is exploiting a niche in shopping malls where the demographics tend to be weighted heavily toward older people.

T.G.I. Friday's is trying to broaden the appeal of what used to be mainly a singles environment. Now the chain offers Shirley Temple drinks and peanut butter and jelly sandwiches along with the Pinot Chardonnay in a bid for the family trade—or at least that part of it that still dines out.

In short, the restaurant business is a lot tougher these days. More than ever, only those with a shrewd sense of the market and eye for detail will make it. ■

If you can't stand the heat . . .

Though the pressure on profit margins is everywhere, the visible impact so far is mixed. McDonald's is only just beginning to bend with the trend to discount coupons. Wendy's, on the other hand, has found that its real beef is careful expansion while pruning unprofitable outlets. The new selectivity has pushed it to beyond break-even. A change in management style has also helped to fatten T.G.I. Friday's profit ratio.

Establishment	Sales ($mil)	Net income ($mil)	EPS	Recent price	P/E	——Net income as % of sales—— 1986	1988	1989/period
Hamburgers								
McDonald's	$5,521	$646	$1.72	30⅛	18	11.6%	11.7%	11.5%/6 mo
Wendy's International	1,046	28.5	0.30	5½	18	NA	2.7	3.2/6 mo
Steak & Seafood								
Collins Foods International	567	25.2	1.27	21⅛	17	1.2	4.4	6.0/3 mo
Jerrico	634	17.8	0.91	23⅜	26	4.8	2.8	3.7/9 mo
Ryan's Family Steak Houses	193	19.3	0.37	8¼	22	10.4	10.0	8.8/6 mo
Sizzler Rests International	291	18.6	1.09	22⅛	21	6.4	6.4	7.6/3 mo
Pizza & Pasta								
Sbarro	117	10.8	0.81	21⅛	26	8.4	9.2	7.5/6 mo
Diversified								
Piccadilly Cafeterias	276	11.3	1.20	15¼	13	6.0	4.5	4.1/12 mo
Shoney's	770	44.9	1.22	11⅜	10	6.7	5.8	2.0/40 wks
T.G.I. Friday's	402	12.4	0.70	14⅛	20	0.4	3.1	3.5/6 mo

Computers/ Communications

AT&T spent a fortune paying people to try its Unix software. But now that Unix is a winner, AT&T is looking to cash in.

Payday for Johnny Appleseed

By Norm Alster

FOR YEARS, AT&T was the Johnny Appleseed of computers, liberally seeding the industry with its Unix operating software.

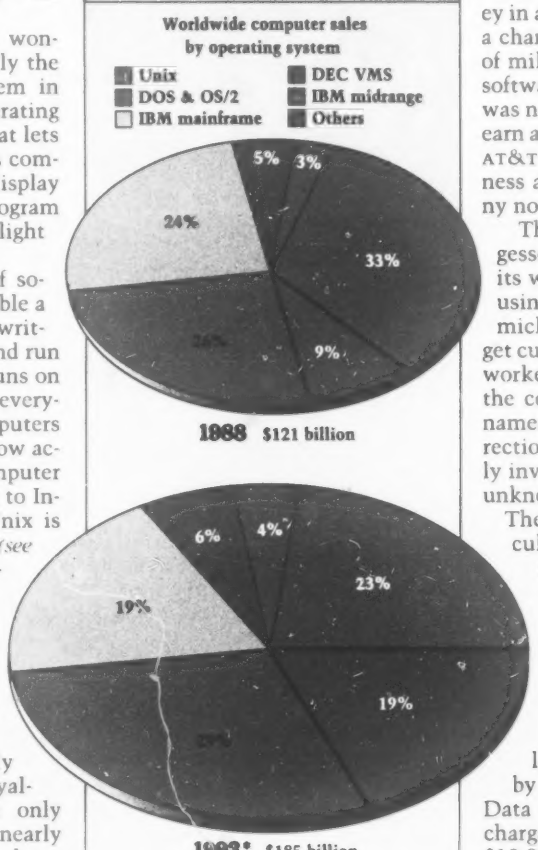
This munificence has done wonders for Unix, which is currently the fastest-growing operating system in the computer industry. An operating system is a piece of software that lets a computer keep track of all its components, from printers and display screens to an application program stored in memory, such as Flight Simulator or Lotus 1-2-3.

Unix popularized the idea of so-called open systems, which enable a computer user to take software written for one brand of machine and run it on another. Unix currently runs on 1.2 million computers made by everyone from Apple to Zenith. Computers that run Unix-based software now account for 9% of worldwide computer sales of $121 billion, according to International Data Corp. And Unix is gobbling up market share *(see chart)*. International Data projects that by 1993 Unix will be the software core for 19% of a worldwide systems market totaling $185 billion.

But the joke is on AT&T. Unix is ubiquitous, but until now the software developed at Bell Laboratories has actually been a moneyloser. Current royalty revenues from Unix are only around $50 million—not nearly enough to cover the overhead required to keep coming out with new and improved versions of the operating system.

AT&T's lingua franca

Unix is expanding its share of computer operating systems.



* Estimates. *Source: International Data Corp.*

The last thing AT&T's Data Systems Group needs is to lose money on its most famous product. Since it was formed in 1984, at divestiture, the group has lost a stunning $3 billion. Ironically, the Data Systems Group has managed to win a rather unimpressive chunk of the Unix-based computer market. AT&T's sales of Unix-based systems totaled $680 million in 1988. To put that in perspective, Sun Microsystems, founded in 1982, sold over $1 billion worth of Unix machines last year.

In a belated move, AT&T spun Unix out into a new division at the beginning of this year. The group, which is called, appropriately enough, the Unix Software Operation, is based in Morristown, N.J. The president of the Unix operation is Lawrence Dooling, who was formerly marketing vice president of Data Systems Group. By the end of the year Dooling expects to have 400 software engineers working on new releases of Unix and related software products such as C++, the high-level language of object-oriented programming.

Dooling's mandate is to make money in a business that had been run like a charity. AT&T had spent "hundreds of millions of dollars" to develop the software, says Dooling, but "Unix was not seen as a product on which to earn a return." Longer term, of course, AT&T could also sell the Unix business altogether, although the company now says this is not imminent.

There was a logic to AT&T's largesse: keep Unix cheap to encourage its wide acceptance. AT&T had been using the classic marketing gimmick of low introductory pricing to get customers to try its product. It had worked before. AT&T, remember, is the company that got a small outfit named Sony pointed in the right direction when it virtually gave its newly invented transistor to the Japanese unknown to play with in the Fifties.

The Unix royalty fees were minuscule next to those of other operating systems. AT&T collects when its customer—a computer company—sells a Unix system. AT&T collects anywhere from $60 for a small computer system to a maximum fee of $170. That's a pittance compared with software licensing fees routinely charged by computer outfits. For example, Data General marks up Unix and charges its customers as much as $10,000 for a Unix license. That more than covers Data General's engineering costs required to adapt Unix to its own machines. Customers who opt

for an alternative operating system developed entirely by Data General pay even more.

The price for Unix will go up soon. Under the royalty schedules on the brand-new version of Unix—called System V Release 4—many licensees will be paying up to a maximum of $10,000 instead of hundreds of dollars on each system sold. For most computer companies that license Unix and then package it to customers along with a complete computer system, the new schedule stipulates fees of 1% of systems sales price. Thus, when Unisys sells a $100,000 system it would now pay AT&T $1,000 instead of $170.

AT&T's Laurence Dooling
The time for freebies is over.

What happens when Johnny Appleseed suddenly asks for a share of the harvest? Not surprisingly, AT&T's Unix licensees began howling. "Is it an area of potential concern for us?" asks Michael Munro, director of strategic planning for the Unix Systems group at Unisys Corp. "The answer is yes." Unix-using hardware is a business that was worth $800 million last year to Unisys, and the bulk of its sales are of systems that cost somewhere between $20,000 and $120,000. Hence, Unisys' costs—and likely its prices—will rise across the board.

To soften the blow, AT&T threw in some freebies with the higher fees. These are things like software extensions that allow easier networking among Unix, OS/2 and DOS machines.

AT&T would have hiked the rates even more, but it didn't want to risk losing customers to a new breed of Unix. A rival Unix update is already under development by the Open Software Foundation, a group of Unix licensees that includes IBM, Digital Equipment and Hewlett-Packard. (Their starting point is an early version of AT&T's creation.) AT&T may have inadvertently inspired its own competition when it agreed in 1987 to develop new versions of Unix in partnership with Sun Microsystems, the workstation maker. Other Unix licensees felt the move gave Sun a competitive advantage in designing computers to run new versions of Unix. The first release of the Open Software version of Unix is due out the second half of 1990.

Another danger is that licensees will stick with earlier versions of Unix and ignore the new, more expensive version. Not all computer users will be able to take advantage of the highly sophisticated features of Release 4. That's important because Unix has made only modest gains among commercial users. Its stronghold is among engineers. Price hikes could discourage commercial customers and retard development of applications programs for Release 4, worries Frank Kenney, a software executive at Data General. The broad availability of applications is what helped attract companies like Data General to Unix in the first place.

But these risks are small. The fact is, AT&T was giving away something of value for too long. Computer users are crying out for alternatives to software that locks them into a single hardware maker, and Unix is the most logical alternative right now. Even with the price hikes, Unix is still a good deal. "Yes," admits NCR's Unix executive, Van Aggelakos, "it is a very good deal."

And that is good news for AT&T.

It's not enough to have a personal computer. Now your computer needs a computer. So does your printer and color terminal.

How smart is your disk drive?

By Kathleen K. Wiegner

FOR MOST OF his working years, Michael Hackworth, 48, had been a big semiconductor company man—first with Motorola, then with Fairchild Semiconductor and Signetics, a subsidiary of N.V. Philips. The last thing the world needed, Hackworth believed, was another tiny semiconductor startup. Yet in the last six years some 20 tiny chip companies have gone public. And one of them was Cirrus Logic (fiscal 1989 sales, $36.9 million) of Milpitas, Calif., cofounded in 1984 by Hackworth.

Cirrus makes specialized logic chips—the kind that run a computer system, making decisions and performing control and computational functions. Only instead of competing directly with companies like Intel and Motorola with general-purpose microprocessors, Hackworth found a profitable niche making specialized computer chips for peripherals like disk drives and printers.

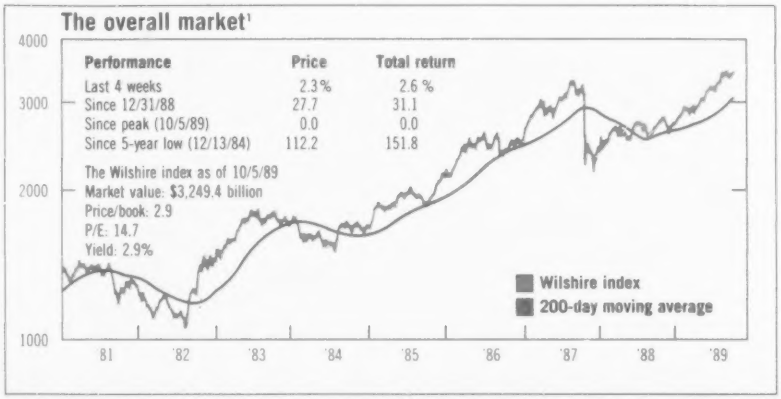
The trend in computing today is toward smaller, faster, smarter desktop computers. That puts a greater burden than ever on microprocessors that sit at the heart of these small computers. Increasingly, that microprocessor needs to delegate housekeeping duties in order to concentrate on what it does best—namely, manipulating data and arithmetic calculations. Too often in early 8-bit personal computers, the microprocessor was spending more time locating the data stored on a disk drive than it did doing real calculations, thus squandering resources.

That created an opening for people like Hackworth. Cirrus specializes in

The Forbes Wall Street Review

Edited by Eric S. Hardy

WALL STREET ISN'T BLIND, it's just ignoring news about a soft economy. Stocks closed the recent two-week period at record levels. Takeover activity, such as Donald Trump's bid for AMR, has provided much of the fuel. And with optimism that the Federal Reserve is about to cut the discount rate, the market seems confident that the economy is not headed toward a major recession. Nevertheless, Monte Gordon, director of market research for Dreyfus, is recommending defensive issues such as foods and utilities, which he thinks will outperform cyclicals over the next few months.



Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,497.36	3.2%
Wilshire index 6,000 stocks, equal weighted	23.68	3.6
Dow Jones industrials 30 stocks: divisor-adjusted price average	2,773.56	3.5
S&P 500 Capitalization weighted cross-section, major stocks	356.97	3.3
NYSE Capitalization weighted, all listed common stocks	198.05	3.1
Amex Capitalization weighted total return: stocks, warrants	394.43	3.8
Nasdaq Capitalization weighted, all issues except warrants	480.66	2.9
Amex international market index Capitalization weighted, 50 largest ADRs	325.17	2.2

Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[2] (EAFE) a dollar denominated capitalization weighted index	985.40	2.3%
Institutional[3] Approximately 200 stocks with high institutional ownership	125.45	2.9
Individual[3] Approximately 200 stocks with low institutional ownership	114.81	1.9
Technology Hambrecht & Quist index	269.17	1.6
Gold[4] (Composite quote of 6 major dealers)	$363.50	unchanged
Yen[4] (per $U.S.)	142.75	–2.0
Commodity index[4] (CRB futures index, 1967 = 100)	224.83	–0.8
Oil[4] (W Texas Intermediate)	$19.95	1.7
T Bills[4] (90 days)	7.55%	–25 basis points[5]
Broker loan rate[4]	10.00%	unchanged

The Best Performing Stocks

Company	Price	2-week change	P/E	Reason
Noxell	33¼	59%	26	Stock rising in tandem with Procter & Gamble, who will acquire company in stock-swap
Esselte Business Systems	43	29	15	Parent company Esselte AB of Sweden, intends to offer $40 for all shares outstanding
Columbia Pictures	26⅛	29	NM	Agrees to Sony's $27 per-share cash offer
Mylan Labs	18¼	24	42	Drug to treat Parkinson's disease is well received in U.S. market
Tejon Ranch	54	22	NM	Stock rises in sympathy with competitor Newhall Land & Farming

The Worst Performing Stocks

Company	Price	2-week change	P/E	Reason
Harcourt Brace Jovanovich	9⅝	–38%	NA	Agrees to sell theme parks for price much lower than expected
Wang Laboratories	4¾	–16	NA	Continuing investor pessimism about company's financial condition
Quantum Chemical	35⅛	–14	3	Agrees to purchase Petrolane with First Boston. Possible earnings dilution
Amdahl	13⅛	–14	7	Speculation that IBM may introduce competitive mainframe computer
Cummins Engine	56⅛	–10	NA	Announces third quarter will show deficit

Note: All data for periods ending 10/5/89. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above all have market capitalizations of $500 million or more. [1]Capitalization weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2]Morgan Stanley Capital International Perspective. [3]A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [4]Knight-Ridder Financial Information. [5]A basis point is equal to one-hundredth of a percentage point. NA: Not applicable. NM: Not meaningful.

New Issues Review

Edited by Charles M. Bartlett Jr.

The biggest[1]

Company/business	Exchange	Offer date	Offer price	Recent price	Offering ($mil)	Lead underwriter	Performance to date absolute	Performance to date rel to mkt[2]
Cable & Wireless/telecomm svcs	N	9/26/89	26¾	27⅝	$281	Goldman, Sachs	4%	2%
Smith Corona/typewriters	N	7/28/89	21	19⅜	252	Shearson Lehman	–8	–10
Giddings & Lewis/machine tools	O	7/20/89	14	16⅞	119	First Boston	21	15
Air & Water Tech/environmental svcs	A	8/10/89	17	18⅛	68	Kidder Peabody	7	6
Grace Energy/oilfield svcs	N	8/17/89	22	24	65	Merrill Lynch	10	8
Central Newspapers/publishing	N	9/20/89	21	23⅛	63	Goldman, Sachs	10	9
Eagle Food Centers/supermarkets	O	7/27/89	20	17¾	60	Goldman, Sachs	–11	–13
Chart House Enterprises/restaurants	N	8/29/89	13½	13⅝	41	First Boston	1	1
Lechters/retail housewares	O	7/20/89	20½	22¼	37	Goldman, Sachs	9	18
Ogden Projects/waste-to-energy svcs	N	8/2/89	14	25¼	35	Merrill Lynch	80	78

Performance Update

SMOKESTACK IPOS MAKE a comeback. It wasn't computer software, biotechnology or solar energy that attracted the most capital in the new issues market in the past year. It was chemicals and steel. Over the last 12 months $1.1 billion and $500 million, respectively, were invested in these two industries. Goldman, Sachs was a lead underwriter on each group's largest IPO: the Lyondell Petrochemical offering for $960 million, and the British Steel American Depositary Shares (ADS) offering at $420 million.

The biggest individual underwriting of the September quarter was also a Goldman, Sachs deal. The U.S.-traded shares of Cable & Wireless Plc., a U.K.-based telecommunications service firm, raised $281 million. The second-largest issue ($252 million) was Smith Corona, famous for its typewriters and word processors. Smith Corona's parent, SCM, was acquired by Hanson Trust Plc. in 1986. The new offering reduces Hanson's control of Smith Corona to 51.3%.

Ogden Projects, which makes waste-to-energy equipment, was the best-performing new IPO in the third quarter, benefiting from Wall Street's current enchantment with environmental stocks. Since Merrill Lynch took Ogden public Aug. 2, raising $35 million, the stock has gained 80%. (Securities Data Co., a Newark, N.J. financial services firm, supplied data for this report.)

The best[1]

Company/business	Offer price	Offering ($mil)	Lead underwriter	Performance to date absolute	Performance to date rel to mkt[2]
Ogden Projects/waste-to-energy	14	$35	Merrill Lynch	80%	78%
New Image Inds/imaging prods	6½	7	HJ Meyers	71	72
Newbridge Networks/comm sys	10½	26	Smith Barney	48	45
Westcott Comm/tv programming	10	15	Robertson, Stephens	38	28
Applebee's Intl/restaurants	11½	23	Piper, Jaffray	31	29

The worst[1]

Company/business	Offer price	Offering ($mil)	Lead underwriter	Performance to date absolute	Performance to date rel to mkt[2]
Marine Drilling/drilling svcs	8½	$30	Dillon, Read	–18%	–19%
Bizmart/office supply stores	10	34	Alex Brown & Sons	–13	–13
Eagle Food Centers/supermarkets	20	60	Goldman, Sachs	–11	–13
Vencor/fitted cloth diapers	8½	15	JC Bradford	–10	–11
Electronic Arts/computer software	8	17	Alex Brown & Sons	-9	–10

The most active investment banker[3]

Underwriter	Total offerings	Total raised ($mil)
Goldman, Sachs	14	$2,660
First Boston	5	364
Merrill Lynch	8	343
Shearson Lehman	3	277
Alex Brown & Sons	11	197

Industries going public[1]

Industry	Total offerings	Total raised ($mil)
Chemicals	3	$1,123
Steel	4	513
Telecommunications	2	386
Typewriters	1	252
Bank holding co	2	251

Notes: Initial public offerings with offer date of 7/1/89 to 9/30/89, offering price of $2.50 or more and offering value of $5 million or more. [1] Last quarter. [2] The percentage by which the ending value of $100 invested in the stock exceeds the ending value of $100 invested in the market. [3] Latest 12 months.

Source: Securities Data Co.

MONEY & INVESTMENTS

Housing stocks anticipate boom years, which could make them a good buy now.

HOW, AND WHY, TO PLAY A HOUSING REBOUND

By Charles E. Babin

Last month (FORBES, *Sept. 18*) I looked at how the Reagan-era tax cuts adversely affected housing relative to other industries by chipping away at the tax benefits associated with home ownership. The analysis demonstrated how the average homeowner's increased housing costs more than offset the additional aftertax income generated by the 1986 tax bill. From this perspective it's not surprising that residential investment has been shrinking since 1987, despite a robust economy, and that developers have been suffering.

Now it's time to look ahead. Ultimately, in a market economy like ours, the housing sector will adjust to reflect today's tax realities. After all, shelter is still a necessity of life and continues to enjoy a significant, albeit diminished, tax advantage. Early indications point to 1991 as the rebound year.

Already there are scattered signs of transition. Interest rates have been falling and, according to the National Association of Realtors, the median price for existing homes dropped $1,800 in August while median income rose: Housing is becoming more affordable, in aftertax dollars.

When the giant home-building industry does awake, the rise could be spectacular. In 1983, the last bust/boom housing cycle, residential investment ballooned nearly 40%. Stock prices of the housing companies (as reflected by a portfolio of five Standard & Poor's housing-related industry groups) anticipated the turnaround and appreciated by nearly 60% in 1982, even though the economy was mired in recession. This performance wasn't a fluke. As shown in the table, there have been seven episodes when housing recovered from periods of negative growth since 1950. With the exception of 1958—when residential investment eked out a small gain—housing stocks anticipated the rebound years.

While housing stocks have performed well during this year's bull market, another healthy increase is possible given the industry's recovery prospects. The challenge is to identify a means for assessing the relative appreciation prospects for housing stocks. Interest rates provide a solution.

Few could dispute that there is a linkage between interest rates and stocks, especially housing stocks. For the purpose of this exercise, I've chosen to track interest rate changes using Treasury bills. T bill pricing is unambiguous, readily available and provides an accurate barometer of interest rate movements. And there's a "futures" market for T bills, from which an implicit forecast of interest rates—and in turn the prospects for housing stocks—may be deduced. Indeed, the T bill futures market's 14-year forecasting record is impressive.

Today's futures market is saying loud and clear that the direction of interest rates into 1990 is down, perhaps by as much as two-thirds of a point from this year's likely T bill average of 8.15%. Based on the historical linkage between interest rate movements and housing stock prices, the S&P housing groups have a better than 50% chance of beating the S&P Composite and more than a 60% probability of returning more than Treasury bills over the next year or so.

If you want to play a housing rebound, compiling a sensible portfolio is easily done. S&P's weighting system is such that a handful of stocks account for the lion's share of the housing-related indexes used here. So a portfolio of these issues ought to at least mimic the expected performances of the overall housing group. These companies (all NYSE) and their Oct. 6 prices are: Armstrong World Industries (45¼), Centex (37½), Fleetwood Enterprises (26½), Georgia-Pacific (60¾), International Paper (56⅛), Kaufman & Broad (21⅜), Masco (27⅛), Maytag (22⅞), Owens-Corning Fiberglas (34⅛) and Weyerhaeuser (31⅜).

Certainly, any number of events beyond interest rate fluctuations will affect housing stocks. But based on empirical relationships, housing stocks are likely to discount the recovery as market forces work toward a surge in residential investment. ■

Anticipatory markets

Housing stocks historically have led the way out of recessions.

Recovery year	Residential investment	—Prior-year investment return— Treasury bills	S&P composite	housing stocks
1953	2.8%	1.7%	13.4	15.5%
1958	0.2	3.2	–13.8	–12.9
1962	7.4	2.4	4.0	12.4
1968	15.6	4.3	19.0	92.5
1971	29.1	6.4	0.2	6.7
1976	23.2	5.8	1.5	53.1
1983	39.7	10.6	15.5	58.9
Average return		4.9	12.8	32.3

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